GOVERNMENT OF INDIA

REPORT OF THE PLANTATION INQUIRY COMMISSION 1956

PART II—COFFEE

PLANTATION INQUIRY COMMISSION

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COFFEE

CHAPTER I

General

Importance of the Coffee plantation industry—its contribution to the Exchequer.

Coffee plays an important role in the economy of South India. The industry provides employment for over 2 lakh persons. The value of the annual production of coffee is about Rs. 10 crores. The industry contributes to the Central Exchequer a sum of about Rs. 90 lakhs by way of Excise duties and a further sum of about Rs. 11 lakhs by way of Income-tax. The States which levy agricultural income-tax benefit from the levy on coffee estates. The tables below give the amounts collected during the years 1951-52 to 1954-55 by way of export duty*, excise duty, cess, income-tax and agricultural income-tax.

TABLE I

*Table showing direct Central levies** on coffee*

(Figures in Cols. 2 to 4 show collections in thousands of Rs.)

Year	*Export Duty*	*Central Excise Duty*	*Cess*
1	2	3	4
1951-52	—	76,66	3,60
1952-53	4	64,43	4,83
1953-54	33,70	76,56	7,45
1954-55	1,26,48	89,49	5,60

TABLE II

Table showing amounts of Income tax and Super-tax paid by Coffee Plantation Industry

(Figures in cols. 3 to 5 in thousands of Rs.)

Assessment Year	*Number of assessees* 2	*Income* 3	*Income-tax collected* 4	*Super-tax collected* 5
1952-53	43	10,10	2,65	1,61
1953-54	28	7,84	1,87	1,80
1954-55	43	23,49	5,70	6,09

Source:—Central Board of Revenue.

Note— * Export duty on coffee was abolished with effect from 1-7-1955.
Source:—** 1. Department of Commercial Intelligence and Statistics, 2. Coffee Board.

TABLE III

Table showing amounts of Agricultural Income-tax collected from coffee estates.
(Figures in cols. 2 to 5 show collections in thousands of Rs.)

*Region**	1951-52	1952-53	1953-54	1954-55
1	2	3	4	5
T. C. State	12	55	39	53
Coorg@.	3,09	13,84	21,07	17,56

Source :—State Government's replies.

Its part in opening out jungles.

2. The Coffee Plantation Industry has contributed to the opening up of vast areas of jungles in the Malnad of Mysore, Coorg and Malabar (Wynaad). Since coffee plants are perennial shrubs and the plantations are inter-spersed with a good coverage of shade trees, opening up of these areas has not led to any large-scale denudation of forests with resultant problems of soil erosion. State Governments have benefited by land assessments and taxes and the public by the opportunity offered of increased employment. While the larger plantations have helped in opening up forest areas, the smaller holdings have benefited peasants and agriculturists by diversifying their agricultural activities and adding to their incomes a valuable cash crop.

—Its role in creating avenues of employment.

3. As a beverage, during the last half century, coffee has become indispensable in the homes of the middle and the upper classes in South India, created a new way of life and started a whole new series of trades depending on coffee, coffee-curing, coffee roasting, grinding and packing and not the least the ubiquitous "Coffee club."

India's position in the World of coffee.

4. Quantitatively India's position in the world of coffee is not important. The production of coffee in India is only 1% of the total world production. The acreage under coffee in India is only a little above 2% of the total world acreage. Tables IV and V give the world acreage and production of coffee and India's share in it during the past few years.

TABLE IV

Table showing area under coffee in India related to the total acreage under coffee in all the principal producing countries of the World
(Figures in cols. 2 and 3 in thousands of acres)

Year	*India's acreage*	*World Acreage***	*Percentage of (2) to (3)*
1	2	3	4
1937	1,90	1,10,96	1.71
1939	1,81	1,01,01	1.79
1946	2,11	88,41	2.39
1950	2,25	96,96	2.32
1951	2,29	99,96	2.29
1952	2,35	1,02,67	2.29
1953	2,40	1,09,31	2.19

Note. *Plantation agricultural income-tax in Madras and agricultural income-tax in Mysore were introduced only from 1-4-1955.

@ Figures relate to the period from 1-4-1954 to 14-3-1955 only.

**Figures of World acreage are only estimates.

Source:— Plantation crops.

TABLE V

Table showing production of coffee in India related to the total production of coffee in all the principal producing countries of the world.
(Figures in cols. 2 and 3 in the thousands of tons)

Year.	*India's Production*	*World Production*	*Percentage of (2) to (3)*
1	2	3	4
1937	15.2	2,357.5	0.64
1939	17.9	2,020.0	0.89
1946	25.5	1,746.9	1.46
1950	20.5	2,062.5	0.99
1951	18.6	2,032.5	0.92
1952	21.3	2,250.0	0.95
1953	23.5	2,229.5	1.05

Source:—Plantation Crops.

Trends in acreage and production of coffee in India.

5. The area under coffee in India was estimated to be over 3 lakh acres in 1896. Since then, there was a decline in the area brought about by abandonment of lands due to fall in prices and the occurrence of pests. Between 1910 and 1940, the area remained more or less steady; but after 1940 it has registered a progressive rise. Even so, present area under coffee is less than what it was towards the close of the last century.

TABLE VI

Trends in the area and production of coffee in India.

Year	*Area (in acres)*	*Production (in tons)*	*Production per acre (in cwts)*
1	2	3	4
1896	3,04,000 (Estimated)	N. A.	—
1909-14	1,97,315	N. A.	—
1924-29	1,98,768	N.A.	—
1929-34	1,95,801	N. A.	—
1934-38	1,85,728	N. A.	—
1939-40	1,83,003	15,546	1.70
1946-47	2,16,916	15,350	1.42
1948-49	2,21,036	22,306	2.02
1952-53	2,40,038	23,565	1.97
1953-54	2,46,300	29,410	2.39

N. A.—Not available.
Source:— 1. Ministry of Food and Agriculture.
2. Coffee Board.

We find from the above table that though the total production of coffee has increased considerably during the past 15 years, production per acre has not shown any significant increase. From information received by us, in reply

to our questionnaires and our observations during our tours of coffee areas, we note that the better-managed estates have adopted improved methods of cultivation, plant protection, manuring and other scientific cultural practices; but a very large number of estates still use poor strains of seeds, maintain aged plants, have poor manuring and poor spraying against pests and diseases. If the latter class of estates also adopt better methods to step up their production, the yield per acre would be higher.

Changes brought by war.

6. World War II brought about a change in the pattern of the coffee trade in India. Prior to the war, more than half the total production was exported to the United Kingdom and the continent of Europe. The closing of the European export markets brought about by World War II created a state of emergency in the coffee trade and gave an impetus to measures already initiated in 1935 for the expansion of the internal market. The story of the Indian Coffee Industry during the last 15 years is an eloquent commentry on what could be achieved by helpful and willing co-operation between the Government and Industry. The Coffee Market Expansion Board (since changed to Coffee Board) which was organised with the help of the Government and the active co-operation of the Coffee industry, succeeded in stepping up internal consumption which in 1939 was about 8,000 tons, to over twice that amount in 10 years. The present position of the industry is that almost the entire production is consumed intrenally leaving a margin for export which may be small or may be substantial depending upon the production in each year. This is because coffee being a fruit crop, production is not uniform every year.

Possibilities of steady expansion.

7. Unlike the Tea industry which depends for its prosperity on the fortunes of an export market, the Indian Coffee industry is sustained at present largely by the internal market which is also steadily expanding. It is this factor that is primarily responsible for its present stability. It has in addition good possibilities of developing an export market, since the better type of plantation coffee has always been valued for its high quality and commands a premium in continental countries. Though the F. A.O. report on coffee for the year 1955 forecasts a surplus production for coffee in the coming years, Indian coffee may be able to hold its own on account of its high quality and the fact that the quantities exportable are not likely to be large. This is not so in the case of many other producing countries of the world. If the demand by U. S. A. or the continent of Europe declined, it created economic problems for these producing countries which sometimes affected their political conditions also. India has been saved this dependence on overseas trade owing to the dominance of the internal market in coffee.

8. We shall in the following chapters examine the economic conditions and problems of the Coffee plantation industry in India as required by our terms of reference.

CHAPTER II.

GENERAL CHARACTERISTICS OF THE COFFEE GROWING REGIONS.

Climate suitable for coffee.

Before considering the structure of the industry and the methods of production we shall examine the climatic and other characteristics of the main coffee growing regions. Coffee grows in the tropical belt lying 25° South and 30° North of the equater. It requires a well distributed rainfall of about 60 to 80 inches per annum and a distinct rainy and dry season with a minimum average temperature of 70° F. Misty damp weather which is so conducive to tea growing mars the coffee crop. A good dry spell from about December to March with a few intermittent showers in March and April and heavy rainfall in July and August constitute ideal conditions for the growth of the coffee plant. The Coffee Board mentions the following as some of the optimum conditions that are required for good coffee growing:—

(1) The land should be between 2,500 and 4,500 ft. above sea level, have a gentle slope with an east or north-facing aspect and be free from heavy winds blowing against it.

(2) Well-drained loamy soil underlying a good jungle is preferred by coffee to any other type of soil.

(3) Rainfall may range between 60″ and 100″ per annum, but it should be distributed throughout the year except during November to February which is the wintering period for coffee. There should be a blossom shower of not less than 1″ of effective rainfall in March/April followed by backing showers before the regular monsoon rains.

These conditions exist on the hills and slopes of the western ghats in South India.

A brief historical retrospect of the industry's growth.

2. The origin of coffee growing in India is obscure. The coffee plant is not indigenous to India. It is said to have been introduced into India in the 17th century by a Muslim pilgrim Baba Budan, who brought with him some seeds of the coffee plant from Arabia. The first plantations are said to have been started some-where about 1830 in the Baba Budan hills in Mysore named after the muslim pilgrim, who first planted the coffee seedlings in that district. About the same time, experimental plantations were started in Wynaad in the Malabar district and Shevaroys in Salem. Nilgiris had their first plantations in 1839, and Peermade in Travancore-Cochin in the year 1840. The plantations in Nelliampathies on the border of Travancore-Cochin and Malabar were started in 1860. Anamalai coffee was planted much later in 1906. Thus by about the beginning of this century, coffee plantations had come into existence in all the important regions in which they are found to-day.

The important coffee growing regions in India.

3. Coffee growing regions are spread over the four States of Mysore, Coorg, Madras and Travancore-Cochin. The more important of these regions are (1) Hassan and Chikmagalur districts in Mysore (2) the slopes of the western ghats in Coorg (3) the slopes of the western ghats around Nilgiris and Anamalais, Malabar, Wynaad, Shevaroys, and the

Palani hills in Madras and (4) the high ranges in Travancore-Cochin. Small amounts of coffee are also grown in Andhra State (near Visakhapattinam), Assam and Bihar.

MYSORE:

The plantations in Chikmagalur have generally an elevation of 3,000 to 5,000 feet; the average rainfall varies from 40 to 110 inches. The Hassan district coffee is on slightly lower elevation between 2,000 and 4,000 feet; but rainfall ranges from 55 to 120 inches.

COORG:

The coffee areas in this region are found at elevations ranging from 2,500 to 3,500 feet, where there is an average rainfall varying from 55 to 150 inches. This region has very fertile soil suitable for good coffee cultivation. The total area held by coffee growers in Coorg is 1,01,851 acres. But only 50 per cent of it is actually planted with coffee.

MADRAS:

Gudalur and Coonoor are the important coffee districts in the Nilgiris; there we have some of the best types of coffee in the world. Wynaad has Robusta coffee at the lower elevations and small quantities of Arabica at higher ranges The Anamalais coffee is stated to be next only to Nilgiris in quality. The Shevaroys and Kodaikanal have about the same elevation and rainfall and the coffee grown is largely Arabica. Palani and Dindigul coffee is grown at lower elevations where the soil and climatic conditions are not suitable for good coffee growing.

TRAVANCORE-COCHIN.

The Nelliampathies in Travancore-Cochin grow some very good Arabica in addition to Robusta which is largely grown in the plains around Trichur. In the South of Travancore-Cochin is a small coffee area around Peermade and the high ranges. The coffee areas in Travancore-Cochin were largely abandoned towards the end of the last century owing to the spread of a leaf disease and the areas were planted with tea instead. About 5,000 acres of coffee are spread out over small domestic holdings about which statistical data is not available.

Yield-comparison in various regions

4. The following table gives the area under coffee in each of the coffee growing states, the production and the yield per acre both for Arabica and Robusta coffee in the season 1953-54.

The yield per acre as seen from the following table is the highest in Coorg. In T. C. State the figures for area are incomplete and hence production cannot be strictly related to the area given in the table. In the case of Mysore, the yield per acre for Arabica is only ¾ of that in Coorg and in Madras the yield per acre for Arabica is half that in Coorg. The Rubusta yield in Madras is exactly half the yield in Mysore and less than half the yield in Coorg. This is the position when we consider the yield on an yearly basis. Taking six-yearly averages of the yield, the position does not seem to be very different as seen from the table below.

TABLE VII

Table showing the area under coffee, production and the yield per acre in the season 1953-54.

Name of State.	Area under coffee (in acres)			Production (in tons)			Yield per acre (in cwts)		
	Arabica	Robusta	Total	Arabica	Robusta	Total	Arabica	Robusta	Total
1	2	3	4	5	6	7	8	9	10
Madras.	65,639 (38.55)	36,889 (47.54)	1,01,928 (41.38)	6,849 (30.26)	1,915 (28.24)	8,764 (29.80)	2.10	1.04	1.72
Mysore.	73,701 (43.67)	18,075 (23.30)	91,776 (37.26)	9,295 (41.08)	1,870 (27.58)	11,166 (37.97)	2.52	2.07	2.43
Coorg.	28,911 (17.14)	21,564 (27.80)	50,475 (20.49)	6,240 (27.60)	2,510 (37.03)	8,750 (29.75)	4.32	2.33	3.47
*T. C. State	789 (0.47)	1,037 (1.34)	1,826 (0.74)	245 (1.08)	485 (7.15)	730 (2.48)	...	...	...
Others.	282 (0.17)	13 (0.02)	295 (0.13)	N.A.	N.A.	N.A.	...	...	...
Total	1,68,722	77,578	2,46,300	22,630	6,780	29,410	2.67	1.75	2.40

TABLE VIII

Table showing the six-yearly average yield of coffee.

(In cwts. per acre).

A. Arabica.

	1946–47	1947–48	1948–49	1949–50	1950–51	1951–52	1952–53	1953–54
Anamalais	...	...	..	3.76	3.86	3.59	3.36	4.04
Nilgiris	1.79	1.58	1.64	1.65	1.75	1.54	1.55	1.79
Malabar Wynaad	0.67	0.76	0.77	0.90	0.72	0.51	0.43	0.56
Average for Madras	1.44	1.26	1.30	1.34	1.37	1.22	1.20	1.44
Mysore	1.67	1.47	1.59	1.57	1.56	1.45	1.41	1.72
Coorg	2.43	2.29	2.59	2.62	2.71	2.73	2.96	3.41
All India	1.73	1.55	1.66	1.67	1.70	1.60	1.61	1.92

Note—Figures in brackets are percentages in relation to the total area and production respectively.

*Figures for area in T. C. State area not complete.

@ Figures subject to revision.

Source:—Coffee Board.

B. Robusta

(In cwts. per acre)

	1946-47	1947-48-	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54*
Anamalais	...	...	...	7.33	7.10	6.92	7.59	6.65
Nilgiris	1.13	1.32	1.41	1.59	1.51	1.41	1.54	1.29
Malabar Wynaad	1.38	1.48	1.39	1.39	1.26	1.20	1.41	1.26
Average for Madras	1.52	1.63	1.54	1.55	1.41	1.35	1.56	1.39
Mysore	2.03	2.41	2.26	2.28	2.08	1.93	2.32	2.04
Coorg	3.11	3.44	3.04	3.18	3.03	2.93	3.26	2.84
All India	2.00	2.24	2.06	2.11	1.96	1.88	2.17	1.93

* Figures subject to revision.
Source:-- Coffee Board.

These figures do not show any significant change in yield over the years. Anamalais and Coorg show higher yields in Arabica than Mysore, and Malabar Wynaad the lowest. Nilgiris comes next to Anamalais and Coorg in Arabica yield.

5. The yield varies as we have found, from region to region. It also varies from estate to estate though situated in contiguous blocks. The yields in individual estates are found to vary from 8 or 10 cwt. per acre to less than 0.5 cwt. Generally, Robusta yields a better crop per acre.

Trends between 1950 & 1953

6. The yield per acre for reporting companies and proprietary concerns of 100 acres and above reveals the following trends between 1950 and 1953:

TABLE IX

Table showing yields in reporting estates in the years 1950 and 1953.

Items	1950		1953	
	Arabica	Robusta	Arabica	Robusta
Area in acres	22,917	3,281	25,172	3,847
Production in cwts.	62,457	9,935	99,280	15,325
Yield per acre in cwts.	2.73	3.03	3.94	3.98

This shows an increase of 44% in the yield of Arabica and 31% in the case of Robusta between the years 1950 and 1953 as far as the reporting estates are concerned. This is indicative of the greater awareness shown by coffee growers in recent years of the need for increasing the yield.

7. The yield depends also on the size of the estate. The following table shows the variations in the yields according to sizes of estates :—

TABLE X.

Table showing variation in yields according to sizes of estates.

Sl. No.	Size of estates in acres between	Total No. of Regd. estates as on 30-6-53	Average acreage under coffee over 6 years ending 1952-53		Average yield per acre for 6 years ending 1952-53 (in cwts. per acre).	
			Arabica	Robusta	Arabica	Robusta
1	2	3	4	5	6	7
1	5—10	2,603	9,663	5,504	0.68	1.50
2	10—25	1,907	17,592	6,815	0.78	1.38
3	25—50	522	11,633	4,226	1.01	1.46
4	50—100	388	18,170	5,711	1.14	2.27
5	100—150	200	16,225	3,577	1.55	2.22
6	150—200	89	9,519	1,986	1.83	2.68
7	200 and above	301	66,337	21,592	2.26	3.06

Source: Coffee Bond.

It is seen that the yield increases progressively as the size of the estate increases. But the increase in yields in the groups below 100 acres is not as significant as the increase in the groups over 100 acres. This is attributable largely to the fact that the larger estates have more ample resources at their command for improved manuring, pest control and other measures. Small holdings of 5 acres and less had an yield almost equal to that from 50-100 acres estates. This point is brought about in the evidence of the Coffee Board which is given below :—

"The yield per acre of coffee both of Arabica and Robusta tended to increase consistently with the increase in the size of the holding except in the case of estates below 5 acres which according to figures available have yielded 1.4 cwts. per acre which almost equals the yield from 50-100 acres estates".

Comparison with other producing countries.

8. The average yield per acre of coffee in India is the lowest when compared to the average yields in other coffee-growing countries. A comparison with the yields in some of the other important coffee growing countries indicates that the yield in India is just about 60% of the yield in most other countries as shown in table below—

TABLE XI

Table showing yield per acre of coffee in India as compared to other coffee producing countries for the year 1953.

(Figures in cols. 2 and 3 in thousands).

Country	Acreage	Production (in cwts.)	Yield per acre in cwt.
1	2	3	4
India	240	471	1.96
Tanganiyaka	116	354	3.05
Kenya	65	243	3.74
Uganda	255	714	2.80
Brazil	7,213	21,861	3.03
Mexico	506	1,725	3.41
Indonesia	115	429	3.73

Source—Plantation crops 1955

Need to improve yield.

9. The need for organizing intensive cultivation on existing coffee areas with a view to increasing the yield cannot be over emphasized. One of the important problems of coffee in India to-day is that of improving the standards of production so as to obtain a higher yield per acre. We shall examine this in more detail in a subsequent chapter.

CHAPTER III

MAIN FEATURES OF THE STRUCTURE OF THE COFFEE PLANTATION INDUSTRY

Introductory

We have described in the previous chapter the chief coffee growing regions in India. In this chapter we shall attempt an analysis of the present structure of the Industry and touch upon its special characteristics.

2. Although coffee was originally planted in this country by Indian nationals, the fact that coffee was an export commodity with a keen demand in the U. K. and Western Europe, brought Non-Indian companies into the field. Large-scale plantations were undertaken initially by Europeans in the same manner as tea plantations. Unlike tea the bulk of the present production of coffee is, however, not in their hands. A large number of small growers have been responsible for the increase in the land under coffee. Since 1946 though a number of estates have changed hands from Non-Indian to Indians, the establishments for processing coffee and preparing it for the market have largely continued to be in the hands of Non-Indian concerns and even to-day the greater part of India's coffee is processed by these Non-Indian companies.

Coffee estates classified according to size and ownership

3. Coffee estates in India could be broadly classified under the following heads :—

1. Estates of less than 25 acres owned by individuals (Indian and Non-Indian).
2. Estates of 25 acres and above, but below 100 acres owned by individuals (Indian and Non-Indian).
3. Estates of 100 acres and above, owned by individuals (Indian and Non-Indian)
4. Estates of 100 acres and above owned by limited liability companies with rupee capital managed by boards of Directors (Indian and Non-Indian).
5. Estates of 100 acres and above owned by limited liability companies with rupee capital Managed by Managing Agents (Indian and Non-Indian)
6. Estates owned by limited liability companies registered in the United Kingdom with Sterling capital.

—Classification according to control

4. A further distinction can be drawn in the case of joint stock companies based on the nature of control as distinguished from ownership. The type of control is determined by the nationality of the majority of the members on the Board of Directors and the category of ownership is represented by the nationality of the majority of the share-holders of the company. In the case of companies under Managing Agents, the real control can be said to vest with the managing agency, and therefore the type of control of the company could be determined by the nationality of the Board of Directors of the managing agency company.

5. We have, therefore, classified a company as Non-Indian when the majority of shares are held by Non-Indians and the Board is also pre-dominantly Non-Indian. When the majority of shares are held by Indians, and the Board is predominantly Non Indian, it has been classified as partly Non-Indian. When the majority of the shares are held by Indians and Board is also predominantly Indian, the company has been classified as Indian. In the case of managing agency companies the company has been classed as Indian or Non-Indian depending upon the nationality of the majority of the Directors on its Board.

—Classification according to holdings of shares

6. Our questionnaires were sent only to estates of 100 acres and above. These estates were classified under the following heads according to types of management:—

—Classification adopted for analysis.

(a) Sterling companies controlled by Secretaries or Managing Agents.

(b) Rupee companies controlled by Non-Indian Managing Agents.

   (i) Non-Indian.
   (ii) Partly Non-Indian.

(c) Rupee companies controlled by Indian Managing Agents.

(d) Rupee companies controlled by Board of Directors.

   (i) Public Limited companies. Predominantly Indian.
   (ii) Private Limited companies Predominantly Indian.
   (iii) Private Limited companies Predominantly Non-Indian.

(e) Proprietary and Partnership concerns.

   (i) Indian.
   (ii) Non-Indian.

Although the above are the detailed heads under which the returns submitted by the estates have been analysed, for purposes of convenience of comparison we have reduced the above classifications into five as under :—

1. Sterling Companies.
2. Rupee companies under Non-Indian Control. (Whether under Managing Agents or Controlled by Boards of Directors).
3. Rupee companies under Indian control (whether under Managing Agents or controlled by Boards of Directors).
4. Proprietary and Partnership concerns (Indian).
5. Proprietary and Partnership concerns (Non-Indian)

7. The replies to questionnaires received cover 65,951 acres, i. e., about 27% of the area under coffee, of 55% of the area of all estates of 100 acres and above. The replies cover all Sterling companies and nearly all Rupee companies under Non-Indian control. The companies and concerns that have not reponded are mostly Indian.

Coverage of reporting estates

The table below shows the number and area of reporting companies and Proprietary/Partnership concerns classified under these five groups.

Foot Note—*In addition to the companies which had submitted complete replies there were some companies which sent only balance sheet for 1953—54. These figures have been utilised for the analysis of capital investment in coffee plantations which is discussed in chapter V.

TABLE XII

Table showing the number and area of reporting companies and proprietary partnership concerns

Type of ownership/management	No. of Cos./ concerns	No. of Estates	Area in acres in 1953	Production in tons in 1953
1	2	3	4	5
Companies:				
Sterling	3	8	2,397	636
Rupee Non-Indian	20	30	9,339	1,666
Rupee Indian	21	58	19,806	2,514
Proprietary & Partnership Concerns				
Non-Indian	36	40	11,276	2,198
Indian	84	98	23,133	3,427
Total	164	234	65,951	10,441

Source--Replies to questionnaire.

Analysis of estates according to sizes

8. The total are a under Sterling and Non Indian ownership and control is only 23,000 acres forming less than 10% of the area under coffee. Their production is comparatively larger, being about 25% of the total production of coffee in Indian or 45% of the production of estates over 100 acres. The following table shows the distribution of the number and acreage of coffee estates according to sizes. In Annexure I is given the distribution of number and area of these estates according to sizes in the different regions.

9. Estates of 100 acres and above, forming less than 2% of the total number of estates, account for 50% of the total acreage and about 63% of the total production; out of the holdings below 100 acres, those with acreages below 50 acres cover 96,681 acres or 40% of the total coffee area and account for about 20% of the total production. Ownership of coffee plantation areas is not concentrated in the hands of a few managing agency companies, to the extent it is in tea. One prominent managing agency company in the West Coast controls 6,888 acres of coffee area producing nearly 1,200 tons of coffee per annum or 5% of the total production of coffee in India. The average area per company is 322.5 acres in group 9 (estates of 250 acres

and above), which is the largest group in the table below. The reporting companies, however, showed that three Sterling companies had an average of about 820 acres each, and 20 Non-Indian companies 470 acres each.

TABLE III

Table showing the number of coffee estates, the planted area and the production of coffee according to the main types and the sizes of coffee estates (1952-53 season).

Sl. No.	Size of coffee estates.	No. of Regd. estates as on 30thJn 1953	Planted area under coffee			Production of coffee (In tons)		
			Arabica	Robusta	Total	Arab-ica	Robu-sta	Total
1	2	3	4	5	6	7	8	9
1	Estates below 5 acres	24,421	17,922	14,618	32,540 (13.56)	Data incomplete		
2	Estates between 5 and 10 acres	2,603	10,091	7,054	17,145 (7.14)	272	486	758
3	Estates between 10 and 25 acres	1,907	18,781	8,895	27,676 (11.53)	574	833	1,407
4	Estates between 25 and 50 acres	522	11,570	4,943	16,513 (6.88)	519	414	933
5	Estates between 50 and 100 acres	388	17,713	6,078	23,791 (9.91)	893	842	1,735
6	Estates between 100 and 150 acres	200	16,203	4,145	20,348 (8.48)	1,089	586	1,675
7	Estates between 150 and 200 acres	89	9,634	3,002	12,636 (5.26)	725	564	1,289
8	Estates between 200 and 250 acres	74	10,392	2,993	13,385 (5.28)	803	415	1,218
9	Estates between 250 and above	227	53,430	19,767	73,197 (30.49)	7,056	4,315	11,371
10	Unregistered estates	5,287	2,603	204	2,807 (1.17)	Data not available		
	Grand Total	35,718	1,68,339	71,699	2,40,038 (100)	12,740	10,825	23,565

Note:—Acreage figures are complete. Production figures are partially exclusive of Travancore, which has 1,735 registered estates and 4,102 unregistered estates as on 30th June 1954.

Source:—Coffee Board.

Acreage in Company sector

10. According to the information gathered by us the total number of Joint Stock companies in the coffee plantation industry and the area covered by them is as follows:—

TABLE XIV.

Table showing total number of Joint Stock companies in the coffee plantation industry in 1954.

Type of Ownership	Total number of companies	Area under coffee (in acres)
1	2	3
Sterling	3	2,397
Rupee Non-Indian	21	10,692
Rupee Indian	54	31,886
Total	78	44,975

Source:—1. Coffee Board.
2. UPASI Directory.

Out of the total number of 590 estates of 100 acres and over, the area owned by Joint Stock companies covers 44,975 acres or only 37% of the area of estates of 100 acres and over. Of these, 7 companies cover 15,500 acres producing 3,200 tons of coffee; one company alone covers 6,700 acres having an annual production of 1,900 tons.

The importance of the small grower in the coffee industry.

11. Unlike the tea industry the small growers (by which we mean growers owning less than 100 acres) hold a place of importance in the coffee industry. Much of the coffee on small holdings is produced in conjunction with other crops like oranges cardamom or pepper. A distinction has to be made between a small grower who maintains himself only on coffee and a grower for whom coffee is one among the many crops he grows. Obviously the interest of the former in his coffee area would be more than that of the latter. But a diversified crop helps the grower in the years when his yields from coffee is poor or price is low; whereas for the grower who has to make a living only on coffee, a lean crop year might make him a debtor.

Non-coffee bearing lands in coffee estates.

12. In most regions, coffee estates holdl ands in excess of the area which actually bears the crop. The table below shows the total area owned by some of the reporting estates and the area under coffee in these estates.

TABLE XV.

Table showing extent of land held by reporting coffee estates and the uses to which they are put.

Region	Total acreage of reporting estates.	Planted acreage (bearing & non-bearing)	Area not planted in acres 2-3	Area suitable for coffee cultivation but not planted in acres.
1	2	3	4	5
Madras	38,759	15,716	23,043	6,953
Mysore	12,834	9,129	3,705	2,110
Coorg	10,157	8,443	1,714	936
T. C.	2,420	839	1,581	...
All India	64,170	34,127 (53.18)	30,043 (46.82)	9,999 (15.58)

(Figures in brackets are percentages to total area).

It will be noted that only 53% of the area owned by the estates is actually cultivated with coffee. About 15% of the reporting area is suitable for coffee cultivation but is not yet planted. This shows how much land is available for increasing the area under coffee in existing estates. A good portion of the surplus land supports jungle which provides firewood and space for grazing of cattle.

Organisations of producers.

13. Companies and larger estates which grow coffee have formed themselves into producers' Associations in the different coffee producing areas. A list of these associations is shown in Appendix I. Many of these associations are affiliated to the UPASI. About 25 years ago the UPASI had a scientific officer to examine the problems of coffee cultivation and advice growers on improved cultural practices. The Government of Mysore had also its own coffee Research Station. After the establishment of the Coffee Board, this work is carried on by the Board through its coffee Research Stations, one of which is at Balehonnur and the other at Chetahalli.

The Coffee Board.

14. No examination of the structure of the industry would be complee without describing the place of the Coffee Board in the industry. In the 1930's when the great depression brought about a fall in commodity prices, coffee prices also slumped. To help the industry by stimulating internal demand, the Government of India enacted in 1935 the Indian Coffee Cess Act, under which a propaganda boar d was set up for increasing internal demand for coffee. In 1939 when World War II blocked the exports of coffee to the continent of Europe, a coffee conference was called by the Government, the outcome of which was the establishment of the Coffee Board to deal with the marketing of coffee. Under the act of 1942, the members of the Board consisted of the representatives of growers' Associations, nominees of the Government of India and the

nominees of the State Governments concerned in the growing of coffee and representatives of labour under an elected chairman. By an amendment of the Act in 1954, the scope of the Act has been greatly enlarged ; whilst the Act of 1942 was for "assistance to the coffee industry by regulating the export and sale of coffee and by other means", the Act of 1954 provides "for the development under the control of the Union of the Coffee Industry". Changes have been made in the constitution of the Board in order to carry out the new objective. The Chairman has been made a full-time official and the producers' representatives are to be "elected or nominated as may be prescribed". The elective principle now applies in the case of the large growers. The representatives of the small growers and Robusta growers are "nominated by the Central Government after making such consultation as it may think fit". Consumers are represented for the first time in the Board by 3 persons nominated by Central Government. Under the Coffee Act, all estates have to be registered with the Coffee Board. Growers have to surrender their entire production excepting small specified quantities for their own consumption to the Board and the Board arranges for its sale. The quantity to be released for internal sale and for export is determined each season by the Board. Payment of a basic price sanctioned by the Board is made in full to growers producing less than 1 ton on delivery and in instalments to the others in direct proportion to the amount of coffee delivered by them. The amounts realised by sale of different kinds of coffee are finally divided prorata according to the deliveries made by each grower. The control by the Coffee Board has been generally welcomed by the growers. We shall review in greater detail the achievements of the Board in the subsequent chapter on Marketing.

Characteristic features of coffee industry-a summary.

15. The picture that emerges of the coffee industry is broadly this: A very large number of small growers (98% of the total number) producing about 2/5th of the total crop and a relatively small number of large growers (2% of the total number of growers) accounting for the balance of 3/5th of the crop, are organised under the Coffee Board which markets the produce, besides conducting propaganda and research.

16. Unlike the Tea Board and the Rubber Board, the Coffee Board, does not regulate the area of production of coffee. The Tea Board was evolved from the Tea Licensing Committee and the Tea Market Expansion Board. The Tea Licensing Committee regulated the area that may be planted with tea according to the terms of the International Tea Agreement. The Rubber production and marketing control Act of 1947 had for its main objectives the control of production and export of rubber. The Coffee Board, on the contrary, arose out of circumstances which made marketing of coffee its chief concern. To start with, it was a voluntary association of producers for the specific purpose of marketing; therefore, control of production did not figure as an item in the Board's objectives. The Coffee Market Expansion (Amendment) Act of 1954 has placed the coffee industry under the control of the Government of India and if this control is to be effective, there should also be powers for the Board to regulate the extent of area in relation to needs of production. This is necessary for the orderly development of the industry in the long run. It is incongruous that when the Board is saddled with the responsibility of marketing, it should not have any say on production. We feel, that this is a limitation on the effectiveness of the control that the Board can exercise and recommend that necessary amendments of the Coffee Act should be made so as to vest the Board with powers for licensing coffee production. We shall have occasion to revert to this subject again in the chapter on 'Expansion and Development'.

CHAPTER IV

CAPITAL STRUCTURE.

We have described in the last chapter the different types of management and ownership in the coffee plantation industry. In this chapter we shall examine the capital investment in the industry by type of management, the growth in the invested capital in the past few years and also estimate the proportion of the Indian and Non-Indian outlay in the industry.

Sources of Information

In proforma 'A' of our questionnaire on coffee, we had called for copies of the balance sheets and profit and loss accounts of coffee plantation companies for the years 1939, 1946 and 1950 to 1953 and also figures of authorised and paid-up capital (1) at the time of formation of the company (2) on the 30th June 1939 and (3) on the 30th June 1954. We had also asked for figures showing the break-up of paid-up capital according to types of investors namely (1) Managing Agents (2) Institutional investors and (3) Individuals—Indian and Non-Indian. Replies were received form 44 companies covering 31,542 acres ; in addition, copies of the balance sheets only for the year 1953-54 were received from 28 companies covering 13,296 acres. The data obtained from these balance sheets and the replies to questionnaire have formed the basis of our study of the capital structure of coffee plantation companies.

Limitations of data.

2. Many of the coffee plantation companies have also tea and rubber plantation in addition to coffee. The accounts furnished are in respect of all the plantations together and in such cases the capital invested in respect of the coffee plantation alone had to be estimated. Although we had requested the estates to submit estimated figures in these cases, many of them have not done so. They stated that it was not possible for them to make any reasonable allocation of their capital investment as between coffee and other crops. It became, therefore, necessary for us to estimate it on some suitable basis. This has been done on a comparison of the 'net worth*' of similarly placed companies which had only coffee, tea or rubber. In the case of estates which had coffee along with other minor crops like cardamum or oranges, the allocation was done in proportion to the acreage of each crop. Where the minor crops formed only a small part of the total area it was treated as negligible and no allowances made for it.

While particulars regarding paid-up capital were available in all the returns, information about the holdings of the shares as between Indian and Non-Indian and according to classes of investors viz., Managing agents, Institutional investors etc., was not available in some. In making use of the available data, the following assumptions have been made :—

Shareholding in the coffee companies of Managing agents and Secretaries functioning in India but having head offices abroad have been taken to be Non-Indian investment. Likewise, the share holdings of managing agents incorporated in India but whose Board of Directors are predominantly Non-Indian, have also been taken to be Non-Indian investment. The shares

*'Net Worth 'is the sum of paid-up capital and reserves.

TABLE XVI

Table showing paid-up capital with particulars of share holding of 8 coffee companies in 1939 & 1954

SHARE HOLDINGS

(Figures in cols. 4 to 17 in '000 Rs.)

Type of ownership-management	No. of Cos.	Acreage	1939 Managing Agents		1939 Institutional Investors		1939 Individuals		1939 Total	1954 Managing Agents		1954 Institutional Investors		1954 Individuals		1954 Total
			Indian	Non Indian	Indian	Non-Indian	Indian	Non-Indian		Indian	Non-Indian	Indian	Non-Indian	Indian	Non-Indian	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Sterling Companies.	1	1,435	...	...	...	...	...	10,31 (100)	10,31 (100)	...	..	...	...	...	10,31 (100)	10,31 (100)
Rupee Non-Indian Companies.	7	2,103	...	...	...	...	9 (1.51)	6,06 (98.49)	6,15 (100)	...	10 (1.10)	...	2 (0.21)	3,23 (35.19)	5,83 (63.50)	9,18 (100)

Note : Figures in brackets show the percentage to total.
Source : Returns from estates.

held by managing agents whose Boards of management are predominantly Indian, have been treated to be Indian investment. In the absence of further details, the shares held by institutional investors in Sterling companies are taken as Non-Indian investment. Similarly, shares held by institutional investors in all Rupee companies have been taken to be Indian unless otherwise clearly specified in the returns.

The number of reporting companies which have given figures for paid-up capital in 1939, as well as 1954 are few—the reason being that many of them were established after the year 1939. As already indicated, the figures in Proforma 'A' give the break-up between managing agents, institutional investors and others. A comparison between the share of Indian and Non-Indian investment in 1939 and in 1954 is, therefore, possible only in respect of 8 reporting 'common' companies. These companies are largely Non-Indian. Table XVI gives the particulars of Indian and Non-Indian shareholdings in these eight companies both in 1939 and in 1954. It shows that there has been a significant shift in the ownership of the shares from Non-Indians to Indians in Rupee Non-Indian companies during the period 1939-54.

Table XVII gives information in respect of 36 companies who have furnished details about the break up of the shareholdings among managing agents, institutional investors and others as on the 30th June, 1954. This covers 50% of the area under Joint Stock companies and nearly all foreign owned or controlled companies and may be taken as representative. The proportion of shareholdings as between Indian and Non-Indian worked out from this table in regard to Sterling, Rupee Non-Indian and Rupee Indian companies have formed the basis of our evaluation of the Non-Indian and Indian share of investment in the company sector of the coffee plantation industry.

The capital investment in Joint Stock companies should be considered not only with respect to their paid-up capital but also with respect to their reserves. It is the sum of the paid-up capital and reserves that represent the shareholders' equity. In Annexure II is given the paid-up capital and reserves in respect of Sterling, Rupee Non-Indian and Rupee Indian companies. The reserves that have been taken into account for this purpose cover all reserves including the balance of profit and loss accounts, but exclude taxation reserves and those reserves which have been specifically funded outside the business. The total capital invested by the reporting coffee plantation companies is seen to be Rs. 5.60 crores of which Rs. 4.35 crores (77.56%) is Indian, Rs. 1.25 crores (22.44%) Non-Indian.

Sterling companies cover 2,397 acres and account for 636.5 tons of coffee production. The capital invested in them is Rs. 27.5 lakhs (4.91% of the total capital invested in coffee) of which Rs. 17 lakhs is paid-up capital and Rs. 10.5 lakhs form reserves. The entire capital is Non-Indian as seen from the figures furnished by the companies in respect of the various classes of investors. The Sterling companies do not hold as important a place in the coffee industry as they do in the tea industry.

The Rupee Non-Indian companies cover 10,692 acres and account for a production of 1,923.75 tons or 6.4% of the total production of coffee. Their capital investment is Rs. 102 lakhs (18.20% to the total of the investment in coffee) of which Rs. 44.6 lakhs formed paid-up capital and Rs. 57.4 lakhs reserves. From Table XVII it is seen that the percentage of Non-Indian shareholding in Rupee Non-Indian companies is 88.1%. Applying this percentage to the total investment (share capital and reserve) by Rupee Non-Indian companies, the Non-Indian share of the investment works out to Rs. 89.83 lakhs and the Indian investment Rs. 12.18 lakhs.

TABLE XVII

Table showing paid-up capital with particulars of share-holders of 36 coffee Companies as on the 30th June, 1954.

SHARE HOLDINGS

(Figures in Cols. 4 to 10 in '000' Rs.)

Type of Ownership/ Management	No. of Cos.	Acreage	Managing Agents		Institutional Investors		Others		Total
			Indian	Non-Indian	Indian	Non-Indian	Indian	Non-Indian	
1	2	3	4	5	6	7	8	9	10
Sterling Companies	1	1,435	...	...	...	...	...	10,31	10,31
Rupee Non-Indian Companies	18	8,464	...	88 (2.42)	...	6 (0.18)	4,34 (11.98)	30,92 (85.42)	36,20 (100)
Rupee Indian Companies	17	13,135	62 (0.66)	...	3,73 (4.32)	...	80,39 (93.09)	1,67 (1.93)	86,41 (100)
Total	36*	23,034	62 (0.5)	88 (0.7)	3,73 (2.7)	6 (0.1)	84,73 (63.7)	42,90 (32.3)	1,32,92 (100)

Note.—Figures in brackets are percentages to the total paid up capital.
* Including 14 companies for which the figures have been estimated.
Source : Returns from Coffee Estates.

TABLE XVIII.

Table showing capital investment in Reporting Coffee Companies.

(in lakhs of Rs.)

Type of Company	Indian			Non-Indian			Total		
	Paid-up capital	Reserves	Total	Paid-up capital	Reserves	Total	Paid-up capital	Reserves	Total
1	2	3	4	5	6	7	8	9	10
Sterling	...	...	...	16.99	10.51	27.50	16.99	10.51	27.50
Rupee Non-Indian	5.35	6.83	12.18	39.27	50.56	89.83	44.62	57.39	102.01
Rupee Indian	270.44	152.04	422.48	5.52	2.94	8.46	275.96	154.98	430.94
Total	275.79	158.87	434.66	61.78	64.01	125.79	337.57	222.88	560.45

Source :—Returns from Estates.

The Rupee Indian companies who have reported cover 30,432 acres and account for 4,731 tons of production, that is 16.3% of the total production of coffee in India. The capital invested in them is Rs. 431 lakhs (76.89% of the total capital invested in coffee) out of which Rs. 8.46 lakhs is Non-Indian and Rs. 422.5 lakhs Indian as worked out by applying the proportion given in Table XVII.

Investment in all the reporting companies.

3. For the total coverage of 43,521 acres of coffee, the estimated capital invested as on the 30th June, 1954 (Indian and Non-Indian separately) is given in Table XVIII.

The total number of Joint Stock companies in the coffee plantation industry is 78 covering 44,975 acres as given in Table XIV in chapter III. The total number of reporting companies is 72 which cover all Sterling companies and Non-Indian companies. The non-reporting companies which are 6 in number and cover 1,454 acres are Indian-owned and it would not be far wrong to estimate the capital invested in these 6 companies on the basis of the average capital invested per acre in the reporting Indian companies i. e. Rs. 1,413 per acre. This works out to Rs. 20.2 lakhs of which Rs. 0.4 lakhs can be taken as Non-Indian and Rs. 19.8 lakhs as Indian.

The total capital invested in the coffee plantation industry in the company sector may be, therefore, estimated at Rs. 5.807 crores out of which Rs. 1.262 crores (21.73% of the total capital invested in coffee) is Non-Indian and Rs. 4.445 crores (78.27% of the total capital invested in coffee) is Indian.

In Proforma 'B' of our questionnaire we had asked the Proprietary and Partnership concerns to furnish figures showing total capital invested in their coffee concerns. Information has been received from 74 Proprietary and Partnership estates of which 47 covering 11,384 acres are owned by Indians and the remaining 27 covering 8,517 acres are owned by Non-Indians. The total capital invested by these 74 concerns amounts to Rs. 2.46 crores or Rs. 1,237 per acre is given in Table XIX.

TABLE XIX.

Table showing capital invested in reporting Proprietary/Partnership concerns as on the 30th June, 1954.

Type of concerns.	Number of concerns	Area covered (Acres)	Capital invested in rupees. (crores)	Capital invested per acre. (in Rs.)
1.	2.	3.	4.	5.
Indian.	47	11,384	1.32	1,163.9
Non-Indian	27	8,517	1.14	1,335.1
Total.	74	19,901	2.46	1,237.2

Source :—Returns from Estates.

The non-reporting coffee estates owned by Proprietary and Partnership concerns of 100 acres and above cover 54,214 acres. If the investment in these estates is also taken to be of the same level as investment in the reporting Indian concerns, the capital invested would work out to Rs. 6.31

crores in non-reporting Proprietary concerns. The total capital invested in the Proprietary and Partnership sector would, therefore, be Rs. 8.77 crores of which Rs. 7.63 crores may be taken as Indian and balance of Rs. 1.14 crores as Non-Indian. The total capital invested in the coffee plantation industry covering estates of 100 acres and above may on this basis be estimated as shown in Table XX below :—

TABLE XX.

Table showing the investment in coffee estates of 100 acres and above

(in lakhs of Rs.)

Item	Investment by companies		Investment by Proprietary & Partnership concerns		Total	
	Non-Indian	Indian	Non-Indian	Indian	Non-Indian	Indian
1	2	3	4	5	6	7
Actuals	1,25.79	4,34.66	1,13.70	1,32.50	2,39.49	5,67.16
Estimated	0.40	19.80	...	6,31.00	0.40	6,50.80
Total	1,26.19	4,54.46	1,13.70	7,63,50	2,39.89	12,17.96

Source :—Returns from Estates.

The small growers or those holding less than 100 acres cover an area of 1.2 lakh acres. The capital invested by them is difficult of assessment. Any estimate that may be made would suffer from serious limitations.

To summarise, our analysis of the capital invested in coffee companies covers (1) All Sterling companies (2) All Rupee Non-Indian companies (3) a majority of Rupee Indian companies and (4) about 25% of Proprietary and Partnership concerns of 100 acres and above (according to acreage). The total capital invested in the coffee plantation—industry by estates of 100 acres and above—is estimated as Rs. 14.57 crores of which Rs. 2.4 crores (16.47% of the total capital invested in coffee) is Non-Indian and Rs. 12.17 crores (83.53% of the total capital invested in coffee) is Indian. The investment by Sterling companies amounts to Rs. 0.27 crores by Non-Indian Rupee companies Rs. 1.02 crores and by Rupee Indian companies Rs. 4.31 crores. The Investment in Proprietary and Partnership concerns is estimated as Rs. 5.80 crores, of which Rs. 1.13 crores is Non-Indian. Between 1939 and 1954 there has been a marked shift in the investment from Non-Indians to Indians in the Non-Indian Rupee companies, and an increase in the share holding of managing agents and institutional investors. Even so, the share of managing agents' holdings to the total, bears a much smaller proportion than in the case of the tea industry being only about 1.2% in 1954. Investment by institutional investors in coffee companies is also very low at 2.8%.

Growth of capital formations—Coverage in the study and fixed assets.

4. A comparative study of the balance sheets of the coffee plantation companies for the year 1946 and 1953 has been made for assessing the trends in the growth of invested capital in the industry. This study covers 28 companies having an area of 23,000 acres or roughly a little over 50% of the area in the company sector of the industry. The companies analysed for this purpose have been classified into five groups as shown in the Table XXI.

TABLE XXI

Table showing coverage of the analysis of the capital formation in the coffee industry.

Type of ownership/ management	Number of Companies	Area in acres	Percentage to total acreage of col. 3.	Pecentage to total area under each group of companies
1	2	3	4	5
Sterling Companies.	2	1,531	6.55	63.87
Rupee companies				
Under Non-Indian Managing Agents	8	5,243	22.43	62.83
Private Ltd. Non-Indian (controlled by Board of Directors)	5	1,477	6.34	
Under Indian Managing Agents	12	8,356	35.76	47.40
Public Ltd. Indian (controlled by Board of Directors).	1	6,761	28.92	
Total	28	23,368	100.00	52

Source:—Balance Sheets.

The analysis of the trends in capital formation has been made by a study of the changes in assets and liabilities of the above set of companies during the period 1946 to 1953, the composition of the assets and liabilities and the relative importance of their main components. In Annexure III is given a composite balance sheet for all the companies and consolidated accounts for the companies falling under the five different groups.

The aggregate assets of these 28 companies amounted to Rs. 2.28 crores in 1946; this increased to Rs. 4.17 crores in 1953 i.e. an increase of 37.5%. In 1946, 2/3 of this was in the form of fixed assets but in 1953 it was only 1/3. (Annexure IV).

Considered management wise, the total fixed assets show an increase of 56.4% in the case of Sterling companies and nearly 100% in the case of Rupee Non-Indian companies. The fixed assets of companies under Indian managing agencies show an increase of only 5%. The Director controlled Indian companies show an increase of 56.5% in fixed assets. The increase in the fixed assets of Sterling companies is in part due to the revaluation of fixed assets

between 1946 and 1953. The revaluation accounts for nearly 16% of the increase as shown in the Table below:—

TABLE XXII

Table showing increase in value of fixed assets and the extent of revaluation of fixed assets for 28 coffee companies during the period 1946-53

(Figures in cols. 3 to 6 in thousands of Rs.)

Type of ownership/ management	Number of Companies	Value of fixed assets in		Increase in value in the period 1946-53	Extent of revaluation of fixed assets.
		1946	1953		
1	2	3	4	5	6
1. *Sterling Companies*	2	8,57	13,40	4,83	79
2. *Rupee companies*					
Under Non-Indian Managing Agents Control	8	14,39	28,64	14,25	...
Under Indian Managing Agents Control	12	70,52	74,09	3,57	...
3. *Director controlled Ltd. Companies*					
Non-Indian	5	3,24	6,51	3,27	...
Indian	1	54,39	85,10	30,71	...
Total	28	1,51,11	2,07,74	56,63	79

Source : —Balance Sheets.

These apparent increases will not give a correct picture of the management wise figures in respect of the growth of fixed assets. Assets should be related per acre and compared. Table XXV shows that in 1946 Indian companies under Managing Agencies had about three times, Director-controlled companies had more than 2½ times the value of fixed assets of Rupee companies under Non-Indian managing agencies. This is because the Indian companies who purchased estates during the war and after, paid a higher price for land and consequently their value of fixed assets was high. This explained the small increase in the value of fixed assets in Indian companies between 1946 and 1953.

Table XXIII shows that 50% of the reporting companies under Indian Managing Agencies have a greater value of assets than the value fixed by the Cost Accountant. Such companies were very few under Non-Indian Managing Agencies.

TABLE XXIII

Table showing the number of companies having fixed assets valued per acre over the average figure of Rs. 933 arrived at in the Cost Accountant's Report 1953.

Type of ownership/ management	Companies having more* than Rs. 933 per acre as value of fixed assets		Companies having less than Rs. 933 as value of fixed assets	
	No.	Average value of net fixed assets per acre in Rs.	No.	Average value of net fixed assets per acre in Rs.
1	2	3	4	5
1. *Sterling Companies*	...	...	2	782
2. *Rupee companies*				
Under Non-Indian Managing Agents	2	1129.21	6	483
Under Indian Manging Agents	6	1245.40	6	676
3. Director controlled Non-Indian	...	...	5	440
Director controlled Indian	1	1258	...	...

Source :—Balance Sheet

Note.—*According to the report of the Cost Accounts Officer in 1953, the average value of fixed assets in a coffee estate is Rs. 933/- per acre.

Low value for fixed assets is also due to the low value of the land. The following is the value of the land portion of the fixed assets per acre as seen from balance sheets.

TABLE XXIV.

Table showing the value of land per acre and assets per acre of 28 companies.

Type of owership/ management.	Number of Companies.	Value of land per acre. (in Rs.)	Value of the fixed assets per acre. (in Rs.)
1	2	3	4
1. Sterling companies.	2	691.40	875.03
Rupee Companies			
2. Under Non-Indian managing agents	8	378.00	546.29
3. Under Indian managing agents.	12	772.00	886.63
4. Non-Indian Director controlled rupee companies.	5	289.00	440.60

The low value of land in group 2 and 4 might either be due to the retention of a low valuation in the books or land income was low and hence the valuation was low. The valuation for land made by the Cost Accountant's Report of 1953 was Rs. 518 per acre. Land values will also increase with the value of new plantings between 1943 and 1953. If we analyse the value of buildings per acre, Non-Indian Rupee companies under Managing Agencies show Rs 312.87 per acre as against Rs. 170.8 of Indian companies under Managing Agencies, Rs. 115 of Non-Indian director-controlled companies. In other words the first group of companies have more building assets than others. According to the Cost Accountant the value of building assets per acre amounted to Rs. 130.

If we compare the value of plant and machinery, the firs t group o ompanies show Rs. 62.5 per acre and the second Rs. 35.8 per acre. Othe assets amount Rs. 43.66 per acre in the case of the first group, and Rs. 34 in the case of the second group. Adding both, the first group had plant and machinery etc. to the value of Rs. 106.16 and the second group to the value of Rs. 69.8 per acre. The Cost Accountant has arrived at a value of Rs. 75 per acre under this head. Here too Rupee Non-Indian companies had assets for a greater value than Indian companies.

A comparison of the different items of gross assets showed that while land value per acre in Indian companies under Managing Agencies was double that in Non-Indian companies under Managing Agencies the building value was a third and the value of plant and machinery less han a half.

(in Rs. per cwt.)

Item	Companies under Non-Indian Managing Agents	Companies under Indian Managing Agents
1	2	3
Land assets	378.00	772.00
Buildings	312.87	106.16
Plant & Machinery	170.80	69.80

This study of the value of assets shows that Indian companies showed greater land assets but smaller assets in respect of buildings, plant and machinery than Rupee Non-Indian companies. At another place we have

TABLE XXV

Table showing the Value of Fixed and Floating sets per acre in 28 coffee companies

Valve of Assets per Acre (In Rs.)

Type of Ownership/Management	No. of cos.	in 1946 Fixed	in 1946 Floating	in 1946 Total	in 1953 Fixed	in 1953 Floating	in 1953 Total
1	2	3	4	5	6	7	8
Sterling Companies.	2	531.64	779.20	1,309.60	875.03	1,330.26	2,205.30
Rupee Companies.							
Under Non-Indian Managing Agents Control.	8	287.99	259.24	547.24	546.29	573.74	1,120.04
Under Indian Managing Agents Control.	12	846.56	286.07	113.23	886.63	767.62	1,654.26
Director Controlled Limited Companies.							
Non-Indian.	5	221.11	422.11	642.72	440.60	985.68	1,424.22
Indian.	1	780.00	318.60	1,098.60	1,258.60	1,182.00	2,440.60
Total	28	683.36	368.59	1,651.96	888.98	894.59	1,783.58

Source : Balance Sheets.

indicated that Non-Indian companies had a greater percentage of aged trees; they will have, therefore, to improve their land assets.

Floating assets.

5. Floating assets formed 34% of the total assets in 1946. In 1953 these formed 50% of the total assets. In Indian companies, the share of the floating assets to the total increased from 25% to 46% whereas it remained more or less the same in other groups. The increase in net working funds is evident from the fact that current liabilities have fallen from 16.6% in 1946 to 16.3% in 1953 along with the increase in floating assets. Considering the components of the floating assets, it is noted that cash and other assets have increased by 124%, investments by 84% and stocks and stores by 240%. There is an increase in cash and other assets in all the groups of companies. The increase ranges from 68% in the case of Sterling companies to 201.4% in the case of Indian companies. Under the head of investment, Indian companies show an increase of 678% while in the case of Sterling companies there is a decline of 49%. The Non-Indian companies show an increase of 22%. The increase in stocks and stores range from 105% in the case of Indian companies to 547% in the case of Non-Indian Director controlled companies.

Fixed assets per acre.

6. Table XXV gives fixed assets per acre in 1946 and 1953 in respect of the 5 groups of companies.

It is seen that the fixed assets are highest in the Director controlled Indian companies at Rs. 1,258 per acre in 1953. Fixed assets per acre are also high in companies under Indian Managing Agents. These amounted to Rs. 846 in 1946, and Rs. 886 in 1953.

Paid-up capital

7. The total paid-up capital has increased from Rs 1.39 crores in 1946 to Rs. 1.85 crores in 1953 showing an increase of 33% as shown in Table below :—

TABLE XXVI

Table showing increase in the paid-up capital and the issue of bonus shares in respect of 28 coffee companies between 1946—53

(in thousands of Rs.)

Type of ownership/ management	Paid-up capital 1946	Paid-up capital 1953	Increase in 1953 from 1946	Value of bonus shares issued	Increase due to the changes in the face value of shares
1	2	3	4	5	6
Sterling Companies	12,35	12,35	...	...	...
Rupee Companies					
Under Non-Indian Managing Agents.	9,83	22,95	13,12	11,80	...
Under Indian Managing Agents.	62,32	76,95	14,63	11,00	...
Director controlled Ltd. companies.					
Non-Indian.	4,15	6,66	2,51	...	1,80
Indian.	50,47	66,45	15,98	15,90	...
Total.	1,39,12	1,85,36	46,24	38,70	1,80

Source :— Balance Sheets

Out of the increase of Rs. 46 lakhs, Rs. 40.5 lakhs are accounted for by bonus shares and increase in the face value of shares. The increase due to bonus shares forms 130% of the paid-up capital in 1946 in the case of Non-Indian companies but only 16% in the case of Indian companies. Thus the capitalisation of reserves account for the larger increase in the capital in Non-Indian companies. There has been no increase in the paid-up capital of Sterling companies.

In 1953 paid-up capital forms 44% of total capital employed taking all companies together as shown in Table below:—

TABLE XXVII

Table showing Proportion of share capital to total assets.

(in percentages)

Sl. No.	Type of ownership/management.	1946	1953
1	2	3	4
1	Sterling companies:	58.53	36.57
2	*Rupee companies.*		
	Under Non-Indian Managing Agents Control.	35.94	39.08
	Under Indain Managing Agents Control	66.05	55.62
3	*Director controlled Ltd. Companies* :		
	Non-Indian.	44.10	31.65
	Indian.	66.43	40.27
	Total.	60.97	44.47

Source:—Balance Sheets.

It was 36% in Sterling companies and about the same in the Non-Indian companies but formed 55% in companies under Indian Managing Agents. In the Director Controlled Indian companies the paid-up capital formed 40% of the total capital employed.

Net worth.

8. The sum of paid-up capital and reserves when related to total assets gives a better indication of the capital invested in each of the groups of companies. The figures are given in Table XXVIII.

For this purpose we have considered taxation reserves also as part of the total reserve. In 1946 the proportion was 83.4% taking all the companies together. In 1953 it was 83.67% ; considering management-wise, the increase is largest in the companies under Indian Managing Agents while Sterling companies and Director-controlled Non-Indian companies show a fall. Analysed company war for 1953, the sum of net worth per acre

TABLE XXVIII

Table showing percentage of share capital and reserves related to total assets.

(Figures in cols. 2 and 3 are percentages)

Sl. No.	Type of ownership/management	Value of share capital and reserves in relation to total assets. 1946	1953
1	2	3	4
1	Sterling companies.	87.10	72.58
2	*Rupee companies* :		
	Under Non-Indian Managing Agents Control.	86.91	89.90
	Under Indian Managing Agents Control.	79.43	89.50
3	*Director controlled Ltd. companies.*		
	Non-Indian.	96.08	92.21
	Indian.	84.48	77.77
	Total.	83.40	83.67

Source : Balance Sheets.

might be considered adequate. Assuming the sum of Rs. 933 which is the valuation of fixed assets by the Cost Accountant as what will be required as share capital for purchasing the fixed assets, companies with another sum of Rs. 300 for reserves should be considered as sound in respect of funds. Companies having a net worth of Rs. 1,200 per acre should be considered financially sound. Out of 12 Indian managing companies, 4 had over Rs. 2,000 as net worth. One Rupee Non-Indian company under Managing Agency also came under this group. 3 of the former and 4 of the latter came under the group holding a net worth below Rs. 1,200. The 5 Non-Indian Director controlled companies had all a net worth between Rs. 1,100 and Rs. 1,500.

Proportion of reserves to total assets.

9. The percentage of reserves to total assets is shown in Table XXIX.

TABLE XXIX

Table showing reserves inclusive of taxation reserves in relation to total assets.

(Figures in cols. 2 and 3 are percentages)

Sl. No.	Type of ownership/management.	Value of reserves in relation to total assets in 1946	1953
1	2	3	4
1	Sterling companies.	28.57	36.01
2	*Rupee companies :*		
	Under Non-Indian Managing Agents.	50.97	50.82
	Under Indian Managing Agents.	13.38	33.83
3	*Director controlled Ltd. companies.*		
	Non-Indian	51.98	60.56
	Indian	18.05	37.50
	Total.	22.43	39.20

Source :—Balance Sheets.

TABLE XXX

Table showing percentage of increase/decrease of Reserves in 1953 over 1946.

(In Thousands of Rs.)

Type of Ownership/ Management.	No. of cos.	Reserves in 1946				Reserve in 1953			
		General	Other Specific.	Profit & Loss Account.	Total	General	Other Specific.	Profit & Loss Account.	Total
1	2	3	4	5	6	7	8	9	10
Sterling.	2	2,87	50	2,06	5,43	5,91 (105.92)	94 (88.0)	1,64 (—20.39)	8,49 (56.35)
Rupee Companies:									
Under Non-Indian Managing Agents	8	3,28	3,35	5,91	12,54	13,62 (315.24)	7,23 (115.88)	7,67 (29.78)	28,52 (127.43)
Under Indian Managing Agents	12	2,33	89	9,01	12,23	16,14 (592.70)	10,93 (1128.90)	16,99 (88.57)	44,06 (260.26)
Director Controlled Ltd., Companies Non-Indian.	5	53	29	4,07	4,89	1,26 (137.74)	1,75 (503.45)	9,73 (139.07)	12,74 (160.53)
Indian.	1	5,03	3,50	5,18	13,71	50,00 (894.03)	7,62 (117.55)	4,25 (—17.97)	61,87 (351.27)
Total	28	14,04	8,53	26,23	48,80	86,93 (519.17)	30,37 (258.03)	40,28 (53.56)	1,57,58 (222.91)

Note:—Figures in brackets indicate percentage increase/decrease in 1953 over 1946.

Source:—Returns from Estates.

This was only 13.3% in 1946 in Rupee Indian Companies. In 1953 it rose to 33%; reserves formed 60% of total assets in Non-Indian companies under Directors and 50% under Non-Indian companies under managing agents. The increase in reserves in respect of all the groups of companies from 1946 to 1953 is seen more clearly in the Table No. XXX which gives actual increases during the period.

The increase in reserves has been largest in Director-controlled Indian companies at 351% while in the other groups this increase is between 56% and 260%.

Borrowings.

10. Borrowings formed only 16.3% of total assets. (*Vide* Annexure III). Of this, borrowings from banks stood at 0.1% of total assets in 1946 and rose to 0.3% in 1953.

TABLE XXXI.

Table showing Bank borrowings in relation to total assets of 28 coffee companies.

(Figures in cols. 2 and 3 are percentages)

Sl. No.	Type of ownership/management	Value of Bank borrowings in relation to total assets in 1946	1953
1	2	3	4
1	Sterling companies	...	...
2	*Rupee companies*:	...	...
	Under Non-Indian Managing Agents	...	...
	Under Indian Managing Agents	0.28	0.93
3	*Director controlled Ltd. companies*:	...	...
	Non-Indian	...	...
	Indian	...	...
	Total	0.11	0.31

Source:—Balance Sheets.

Only Indian companies went in for bank borrowings. The amount of these borrowings increased by 3 times between 1946 and 1953. Debentures form a significant part of total borrowings. In 1946 it was more than 50% of total borrowings for all companies taken together. Debentures form a substantial part of the borrowings in the case of Rupee companies under Managing Agents (Indian and Non-Indian). The Director-controlled Indian

TABLE XXXII.

Table showing net available working funds per acre according to types of management.

(Figures relate to 28 companies)

Type of ownership/management	1946					1953				
	Area in acres	Current Assets in thousand Rs.	Current liabilities in thousand Rs.	Difference between 3 & 4 (working funds)	Working funds per acre (Rs.)	Area in acres	Current Assets in thousand Rs.	Current liabilities in thousand Rs.	Difference between 8 & 9 (working funds)	Workiug funds per acre (Rs.)
1	2	3	4	5	6	7	8	9	10	11
Sterling Companies	1,611	12,53	2,72	9,81	608.93	1,531	20,37	9,26	11,11	725.66
Rupee Companies:										
Under Non-Indian Managing Agents Control	4,997	12,96	3,58	9,38	187.71	5,243	30,09	5,93	24.16	460.80
Director Controlled Limited Companies-Non-Indian	1,464	6,17	37	5,80	396.17	1,477	14,53	1,64	12,89	872.71
Under Indian Managing Agents Control	8,331	23,84	19,41	4,43	53.17	8,356	64,14	14,52	49,62	593.82
Director Controlled Limited companies-Indian	6,036	21,58	11,79	9,79	162.19	6,761	79,92	36,70	43,22	639.25
Total	22,439	77,08	37,87	39,21	174.74	23,368	2,09,05	68,05	1,41,00	603.38

Sources:—Balance Sheets.

TABLE XXXIII.

Table showing extent of finance for replanting available with the Company sector.

Type of Company	Total Area	Area planted before 1920 according to proportions worked out from reported companies.	Cost of replanting at Rs. 1,500/- per acre (In lakhs of Rs.)	Working funds available per acre (In Rs.)	Working funds available (In lakhs of Rs.)	Excess or deficit (In lakhs of Rs.)	Excess or deficit per acre (In Rs.)	Acreage that can be replanted with the available working fund.	Percentage of 9 to col. 2.
1	2	3	4	5	6	7	8	9	10
Sterling	2,397	1,462	22	725	17	—5	—209	1,133	47.2
Rupee—									
Non-Indian	10,692	6,789	102	551	59	—41	—383	3,933	36.7
Rupee—									
Indian	31,886	15,570	233	614	196	—37	—116	13,067	40.9

Source:—Returns from estates.

companies also showed a considerable part of borrowings under debentures. Borrowings fell from 20% to 10% of total assets in Indian companies. In Non-Indian companies the fall was not so pronounced while in Sterling and the Director controlled Rupee Non-Indian companies there was an increase.

Working funds.

11. Table XXXII gives the net available working funds per acre in the hands of the companies in the different groups. This has been arrived at by deducting current liabilities from current assets and is expressed per acre. This shows that the companies in all the groups have on an average about Rs. 600 per acre as working funds. Working funds per acre have increased over ten times in Indian companies under Managing Agents and by nearly four times in the Director-controlled Indian companies.

Total capital formation in these companies has been of the order of 188.6 lakhs or 65% between 1946 and 1953. Management-wise percentages are as follows :—

Sterling Companies.	60%
Rupee Non-Indian companies under Non-Indian managing Agents.	114%
Rupee Indian companies under Indian Managing Agents.	46%
Non-Indian companies under Directors.	123%
Indian companies under Directors.	117%

30% of the total capital formation was accounted for by increased fixed assets, 36% by investments and cash, 34% by stocks and stores. In the case of Indian companies the increase in cash and other investments accounted for over 50% of the total capital formation.

Mode of capital formation.

12. We shall now proceed to examine the factors responsible for the growth in capital formation. We have seen that although there has been a growth in paid-up capital, the greater part of it is attributable to bonus shares. In the absence of additions to paid-up capital the growth in internal finance, by which is meant the profits retained in the industry has been the main source of capital formation in this industry. Annexure V shows the growth in the retained profits of the companies from 1950 to 1953 and the percentage of distributed profits to net profit after tax; it will be seen that in certain years more than 50% of the profit after tax has been distributed as dividends to share holders. Statement XVIII in annexure XXV shows that the percentage of dividend has ranged between 20 and 30 per cent on ordinary capital. The fact that this high dividend is declared on inflated capital (that is a capital which has been increased by the issue of bonus shares) marks the fact of the larger distribution of profits as dividends. The fixed assets of coffee plantations consist mainly of the coffee tree. The coffee tree by its very nature is a wasting asset and it is noted that none of these companies have provided for this depreciation or made sufficient provision for replacing it.

Table XXXIII gives a picture of the extent of the area to be replanted in each group of companies, the estimated cost and the net working funds available with the companies.

It will be seen from this Table that the working funds available with the companies would not be sufficient to meet the entire expenses for replanting. Although there has been large profits in the industry, the growth in internal resources has not been sufficient to meet present replacement costs. We feel that coffee companies should have followed a more prudent policy in the distribution of profit as dividends and retained a larger part of it within

TABLE XXXIV.

Table showing value of assets per acre in 1946 and 1953 under the headings land, buildings etc.

(Figures relate to 10 Companies)

Name.	Value in 1946 in Rupees per acre					Value in 1953 in Rupees per acre				
	Land	Buildings	Plant & Machinery	Others	Total	Land	Buildings	Plant & Machinery	Others	Total
1	2	3	4	5	6	7	8	9	10	11
A.	648.00	155.50	22.84	4.02	830.44	698.62	326.29	17.01	7.22	1,049.14
B.	227.24	112.12	...	...	339.31	425.50	493.45	51.90	11.49	982.34
C.	212.76	22.05	16.17	1.71	252.69	127.80	253.33	31.89	84.75	498.27
D.	774.31	132.96	19.83	3.83	980.93	608.98	259.11	14.90	8.43	891.42
E.	594.41	51.59	9.55	10.34	665.90	1,175.96	244.10	25.60	21.04	1,466.70
F.	372.82	36.25	37.61	6.84	453.53	356.18	139.55	58.38	24.34	578.45
G.	637.71	31.25	6.42	0.72	676.10	526.50	63.26	16.22	2.60	608.65
H.	442.72	64.78	2.12	2.95	512.57	428.96	117.18	9.08	47.80	603.03
I.	153.97	26.57	4.45	5.56	190.86	241.95	61.36	43.84	528.05	875.20
J.	644.33	108.11	37.18	26.71	816.33	711.71	560.27	110.09	111.46	1,493.53

Source:— Balance Sheets

the business so as to maintain the fixed assets in a normal condition; a limitation on dividends would in itself have put them in sufficient funds for carrying out necessary replanting and improvement of the coffee lands.

Nature of fixed assets

13. We stated earlier that none of the companies analysed has revalued their fixed assets at current prices. The estimate of Mr. Cook in 1946 for normal fixed assets was Rs. 645 per acre. Mr. Nagaswami in 1953 estimated it at Rs. 933/-. The average value of fixed asset as worked out by us is Rs. 889. But an analysis of the fixed assets in certain selected companies reveals the following features :—

Land assets per acre have remained the same or have dwindled.

Building assets per acre has increased by nearly one half or even more as shown in Table XXXIV.

One argument used in favour of capitalisation of reserves is that the paid-up capital should be brought in conformity with present value of fixed assets. But when these fixed assets comprise items which have no productive value, the distribution of profits on an inflated equivalent of these assets will only lead to gradual dimunition of the net-worth and is certainly not to be regarded as a healthy development.

We trust that the replanting fund proposed by us in the next chapter will take care that there is sufficient provision of reserves for the future needs: but there are past arrears of replanting to be cleared. Besides replanting, there are various developmental works which will require continued expenditure of funds. For all these purposes we have made certain recommendations for supply of adequate finance to the coffee industry. In the last analysis, the real source of developmental finance is to be looked for in the savings of the industry itself and it is to be hoped that coffee companies will adopt a more prudent policy in the distribution of dividends in future and put by larger funds for financing schemes of development.

We shall now briefly summarise the more salient features of our analysis :—

Conclusion

14. In all the groups of companies, there has been an increase in assets. Although paid-up capital shows an increase, almost the whole of it is accounted for by bonus shares. It is to be noted, however, that these bonus shares have come from capitalisation of reserves and not by revaluation of fixed assets. This is a feature which distinguishes coffee companies from tea companies in general. The proportion of borrowed capital to the total capital employed has remained more or less the same between 1946 and 1953 at 16% or 1/6 of the total capital employed. In Indian companies the proportion of borrowings to total assets has fallen from 20% to 10%. A large portion of this borrowings (i. e. 1/4 of it) has been contributed by debentures. Bank borrowings have been practically nil. Between 1946 and 1953 the working funds have increased by nearly 3 to 4 times and the fixed assets by a third. But in many companies the increase in fixed assets has been more in the shape of buildings and other non-productive assets rather than improvements to coffee lands.

Foot note:—The following Tables are extracted from the article on Company Finances in the Reserve Bank Bulletin April 1956. Table 1 showed the total gross assets and their increase during the last 4 years. There has been a definite increase of 60% and over between 1950 and 1953 under heads of receivables, investments and other assets.

Table 2 indicated the proportion of fixed assets. The percentage value of land in proportion to total gross fixed assets has fallen from 64 to 55 while

that of building has increased from 22 to 30. There is a slight fall in this proportion under plant and machinery from 10 to 9.

If the increase in gross fixed assets between 1950 and 1953 was examined it was 6% in the case of land, 70% in the case of buildings, 23% in the case of plant and machinery. The amount set apart for depreciation has increased by 85%. The total increase in net fixed assets between 1950 and 1953 was 15 out of which the most has been contributed by buildings.

The net fixed assets per acre in 1953 amounted to Rs. 1,063.

Table 3 showed the increase under sources of funds. Net worth has increased by 30%, other borrowings by 20/-, debenture borrowings by 67% and other liabilities by 20 p.c. It is note-worthy that the working funds per acre amounted to Rs. 720 and net worth per acre amounted to Rs. 1,700.

TABLE 1

Table showing total assets and their increase

Items	Total gross assets (lakhs of Rs.)				Percentage of increase
	1950	1951	1952	1953	
Fixed assets.	176	188	201	204	16
Stocks and stores	83	98	103	115	40
Receivables	19	22	30	31	63
Investments	11	17	17	21	99
Other assets	28	42	40	44	60
Total	141	179	190	211	50

TABLE 2

Table showing proportion of fixed assets to total and their increase.

Items	Fixed assets (lakhs of Rs.)				Percentage of increase 1950–53
	1950	1951	1952	1953	
Land	126	130	131	134	6
	(64)	(61)	(57)	(55)	
Buildings	44	54	67	74	70
	(22)	(25)	(30)	(30)	
Plant and Machinery	17	18	19	21	23
	(10)	(9)	(8)	(9)	
Others	8	10	14	13	62
	(4)	(5)	(5)	(6)	
Total Gross	195	212	231	242	24
Less depreciation	20	25	31	37	85
Net fixed assets	176	188	201	204	16
Net fixed assets per acre	...	...	...	1,063	...

Note—Figures in brackets denote % to gross fixed assets for each year.

TABLE 3

Table showing sources of funds

(In lakhs of Rs.)

Items	1950	1951	1952	1953	% increase over 1950
Paid-up share capital	151	171	181	188	30
Reserves including balance of profit	102	118	128	141	
Borrowings other than debentures	15	23	25	18	20
Debentures.	15	15	23	25	67
Other liabilities	36	40	35	43	20
Working funds (current assets minus current liabilities	75	102	113	138	84
Working funds per acre (in Rs.)			720		
Net worth per acre(in Rs.)			1,700		

CHAPTER V.

THE CULTIVATION, MAINTENANCE AND PROCESSING OF COFFEE.

1. Coffee growing is essentially an agricultural undertaking. There are two commercially important species of coffee grown in India, namely the Arabica and the Robusta.

The agronomy of coffee-Arabica.

2. Arabica coffee is a small evergreen tree with tough waxy looking leaves. The trees when fully grown are about 20 ft. in height. But they are usually pruned and kept at a height of 8 to 12 feet for convenience of picking the berries. Pruning also increases the bearing of the lateral branches which produce most of the flower and the fruit. Arabica is essentially a highland crop grown at altitudes over 2,000 ft. Three or four times during the year the trees flower; but usually one flowering is more important than the others. The growers' fortunes depend to a very large extent on the timely blossom showers in March and April, and the follow-up showers at appropriate intervals. In the absence of proper showers in March and April, the coffee trees do not put forth any flower or fruit. Coffee is usually grown from seed; but recently vegetative propagation from shoots or cuttings from mature trees is also being tried. Planting at stake (i.e., planting done on the spot where the mature tree is to to stand) or in seed beds is the usual practice. Spacing may be anywhere between 8 to 10 feet. Permanent shading is now the general practice, especially at lower altitudes. It is generally agreed that shading is desirable for protection of the trees from the full intensity of the sun and for soil conservation. Besides the annual pruning, cultivation is limited mainly to weeding, although a heavy round of hoeing is also often applied three or four times a year.

Robusta.

3. Robusta cultivation differs from Arabica in methods of spacing, shading, pruning and picking. Robusta being also more disease resistant, its cultivation entails fewer problems. Robusta flourishes at lower levels and is more able to withstand extremes of climate than the Arabica. The Robusta tree is sturdier than the Arabica; it is less susceptible to the borer pest, and is easily distinguished from Arabica from the size of its leaves, the appearance of the bean and its flavour.

Arabica and Robusta coffee-their common attributes.

4. The fruit of the coffee tree resembles an ordinary cherry and assumes a dark-red colour as it ripens. Beneath the skin of the berry is the yellowish pulp in which two seeds are imbedded. The seeds themselves are enclosed in a thin parchment like covering. These seeds are the raw coffee of commerce. They are rounded and well shaped on the one side and flat on the other. The flat surfaces of the two beans are laid against each other as the berry grows. When one of the beans remains unfertilised, the other develops into a round bean. These constitute what is called peaberry.

Factors affecting the yield.

5. Coffee like other fruit crops has yield cycles. This gives rise to various problems to the growers. Cold winds and frosts are its enemies. Variability of crops arises also from a variety of other factors like the nature of the coffee plant and the unpredictable weather. When the trees are rested and the weather is favourable the crop will be unusually large. When the trees are exhausted from having heavily

yielded in the previous season and weather conditions are unfavourable, a small output will result. The annual coffee crop is, therefore, not easily predictable. Variations in yields are such that out-put of a plantation may in one season be 10 times what it was in the previous season or it may be the other way about. Frequently, though not invariably, large yields alternate with low yields*. Excessive rains or want of rains at the blossom season are both its enemies. Factors other than the weather such as the incidence of diseases and pests also affect the yield. Apart from the year to year variations in yield, the life of the coffee plant itself brings about changes in the yield. Coffee trees begin to bear within 5 to 7 years of planting and good yields may be obtained over a 20 to 30 year period. Thereafter, productivity begins to decline and they usually become unprofitable after 40 years.

Manures-extent of present application.

6. Until very recently, application of chemical manures had not been practised by coffee planters. When trees were planted on rich virgin soil in newly cleared forest areas, there was little need for fertilisers. But as the trees grow old, more potash, nitrogen and phosphoric acid are removed from the soil and the need for restoring these elements to the soil arises. This is done either by natural or chemical fertilisers. Decomposed leaves and prunings, pulp from pulp houses and oilcakes are all being used alongwith chemical fertilisers like ammonium sulphate. In Annexure VI is given a statement showing the quantity and value of the manures supplied to the industry by manure mixing firms in each of the three years 1952, 1953 and 1954. The quantity of manure supplied by the manure mixing firms to coffee planters has increased from 15,132 tons in 1952 to 22,885 tons in 1954. If the entire quantity is assumed as utilised, this works out to an average of one ton per 10 acres. Assuming a nitrogen content of one-fifth, this is equivalent to an application of 40 lbs., nitrogen per acre. An examination of the replies received to our questionnaire shows that manuring is not adequate in respect of a majority of companies and concerns; whilst a few apply manure in adequate dosages and over a wide area, the large majority of the companies and concerns do not do so. The reasons stated are (i) the cost involved and (ii) the lack of agreement among planting experts regarding the correct dosage and kind of manure mixtures to be applied. As regards (i), it was represented to us that "most of the dealers do not supply sufficient quantities of direct fertilisers but insist on buying their prepared mixtures. This causes considerable difficulties to the planters in selecting the suitable grade and quality of the manure mixtures actually required for different types of soils. They compel them to go in for the company's mixtures which are generally more costly."

"Scarcity of manures during the required seasons tends to boost prices thus increasing costs".

Requirements for the coffee plant.

7. It was stated by one of the oldest established estates that "very old coffee trees would utilise so much of the fertiliser mixtures to maintain their frames that very large quantities would have to be applied. This would entail a heavy outlay for a doubtful return". One planter has stated "I should like to apply far more manure than I have done. Finance is the paramount problem of intensive manuring." According to the Coffee Research Station, manuring should be done "for reliable results at least three times in a year". The approximate cost of manuring for two applications per annum is about Rs. 90/- to Rs. 120/- per acre. It was represented that in many seasons, only sulphate of ammonia was available and "it

*This is the reason why in working out figures of yields, six-yearly averages are considered in order to even out the annual variations.

was open to doubt whether it was the best nitrogenous manure for coffee". The Director of the Coffee Research Station states that,

> "From certain physiological studies of absorption of plant foods by coffee at various stages of its development and its influence on production, and several field studies and the practical experience of planters, it has been found that at least 60 lbs., of nitrogen, 30 lbs. of phosphate and 40 lbs. of potash should be applied to an acre of coffee for an average yield of about 4 to 5 cwts. This is subject to variations in the proportion of the three principal plant foods according to soil microclimatic conditions and the plant itself and its basic yielding quality. It is also deduced that for every increase in 2 cwt. of crop, a further 20 lbs. of nitrogen, 15 lbs. of phosphate and 20 lbs. of potash should be added."

A planter from Coorg says "So far, Coffee research on manuring problem has not been completely solved and therefore, individual planters are manuring their estates according to their own experience. Though we have stepped up the quantity of nitrogen per acre from 40 lbs. to 120 lbs., we believe that this may not be the top limit of the requirements of coffee." The subject of correct manuring practices, we understand, is under constant examination by the Research Station at Balehennur. The Research Station advises the planters on the correct dosages and mixtures after careful analysis of the soil conditions. The coffee industry requires guidance on the utilisation of fertilisers. Lack of balance in manures used affected the tree and the yield. The Director of Research referred to poorer cut-turns in well-managed estates as due to deficiency of potash. (Planters' Chronicle Page 653, 15th December, 1955). A close coordination between individual planters and the Research Department appears to be needed to make available to the planters the latest scientific information on this subjecs. The companies that have applied adequate manures have reported an increased yield of about 25 to 30% in consequence.

Proper manuring of high yielding strains by combining compost with artificial fertilisers are said to give a better and more steady yield. Compost is retained by maintaining cattle and poultry. A combination of animal husbandary with Coffee in Brazil has yielded many useful results as the following extracts will show:—

> "Whereas formerly coffee trees seldom began to pay their way within 5 years, her (owner's) precocious pedigreed trees amply fertilised through the co-operation of the dairy herds when only two years from setting in the field were so loaded with coffee beries that their yield exceeded the national average".

> "Although his soil is by no means the best for coffee, the poultry manure has made his new plantation rank with the finest in Brazil. The yields, of his four and 5 year old trees, are several times the national average".
> "Many coffee planters are now keeping cattle with coffee fertilisation as the main objective whereas some cattle men are expanding into coffee".

Dr. C. A. King, Director Institute Agronomica Campinas Brazil has said as follows:—

> "A general reorganisation of the whole farm is necessary. The coffee acreage should be in good proportion to areas devoted to pasture in order to provide the necessary production of stable manure, of basic im-

portance to the coffee plant". (Coffee & Tea Industries, January 1953, Page 20).

In another publication on recent developments and trends in Brazilian coffee production, the following were the findings on animal manures:

"In some areas as parts of northern parana so much of the land is planted to coffee that the availability of animal manures and organic materials constitutes a real problem. In other areas where cattle are important and much of the land is pasture, adequate supplies of manure and compost could be made available with proper management of cattle and pastures".

We recommend that the Coffee Research Station should examine the practicability of combining animal husbandry with coffee growing in our country also.

Present channel of distribution.

8. The agencies for sale of fertilisers authorised by the Coffee Board are the Pool Agents and the four manure mixing firms. The Pool Agents are manufacturers of fertilisers like steamed bonemeal and potash. They have their own patent fertiliser mixtures. As they exercise some influence on the producers through grant of loans, supplies, custody of their produce and enjoy added prestige as agents of the Board, they occupy a privileged position in selling their own manure mixtures. This results in a system of undue pressures and obligations, under which, as stated in the evidence quoted earlier, the grower is not able to get the right type of manure that he requires and even if he does get it, the prices are not always the right prices. We feel that a Co-operative Supply Organisation under the auspices of the Coffee Board will be a more responsible agency for distributing chemical fertilisers and mixtures than private firms. We, therefore, recommend the establishment of a Co-operative Organisation for this purpose. This organisation should have the sole right of sale of chemical fertilisers and mixtures.

Pest and diseases.

9. The coffee plant, particularly Arabica, is subject to a variety of pests and diseases the most common being the 'stem borer'. The fungus disease affecting the leaf of the coffee tree is equally destructive. Excessive rainfall causes die-back. Various methods of control have recently been evolved to combat these pest and diseases. The Coffee Research Station at Belehonnur is conducting researches to evolve a uniform high yielding strain of coffee which is resistant to diseases. Information received from the replies to our questionnaire indicates that measures to control pests and diseases of coffee plants have been undertaken by many of the bigger growers: but most of the small growers are unable to carry out these measures, chiefly for lack of funds and thereby there is a fall in the yield of their estates. The approximate cost of spraying and dusting is estimated at Rs. 40/- to Rs. 60/- per acre per year.

Pest control measures-costly.

10. High costs of spraying operations and fear of the stem-borer were the causes for replanting Arabica area with Robusta which is not so susceptible to diseases.

"In Mysore, many plantations 100 to 200 years old were replanted with Robusta because the soil has deteriorated and change of crop appeared to be desirable.........Fresh planting was not only prohibitively costly but risky in view of lack of attention which State Governments concerned were paying to the control of the coffee-borer".

In borer affected areas spraying only increases costs without increasing productivity. Such areas would need to be uprooted and replanted with disease resistant strains.

"Spraying operations set in a vicious circle. They check ravages of leaf-rust which results in more leaf, more frequent spraying and use of more fertilisers. *The costs increased* but the rise in production is reduced by the *Stem borer ravages*". (Indian Coffee, Nov. 1954, Page 224).

The Research Department of the Coffee Board has made the following estimates regarding the cost involved in improved cultural practices :—

"Increased application of manures and fertlisers and protective operation like spraying and use of disease-resistant plant material will cost Rs. 150/- to Rs. 200/- per acre moreover the average cost of nearly Rs. 500. If all these operations are carried out satisfactorily the increase in the yield during the next two years will be at least 2 cwt. per acre and should reach a maximum of at least 4 cwt. in the next 5 years".

Recommendations for pest control.

11. Plant protection and pest-control raises several problems especially for the small growers. Finance is required for spraying and other equipments and an agency is necessary for providing this service and instructing farmers in their uses. We recommend that the Coffee Board under its Research Department should have mobile pest-fighting units which could be sent round from estate to estate to help the planters towards better plant-protection. The services of these mobile teams should be made available to all coffee growers at rates depending on the size of their holdings. The administration of this service should be by a staff of field workers which should be separate from the extension service though the extension service and the pest control units must act in close co-operation with each other.

Efficient and economic remedy—remedy lies in replanting with disease resistant strains.

12. The most efficient and the most economical means of improving production lies in planting the best possible plants. By proper selection and hybridisation, strains of plants can be developed superior to the general bulk from which they are selected. The urgent problem in coffee is to spread a high-yielding and disease-resistant plant material. Even for the maintenance of the existing low yield, the plant requires protection from leaf diseases. Constant spraying is, however, no permanent solution. The Balehonnur Research Station has evolved a disease-resistant plant, which has now been planted over 30,000 acres or 12½% of the total area. An urgent programme should be undertaken so that disease-resistant varieties may be planted in all the areas.

The age of coffee plant.

13. The life of the coffee plant depends upon various factors. In higher elevations where it is free from pests and diseases, it is said to live to a ripe old age of 80 to 90 years. Usually the yield begins to decline when the trees are more than 40 years old. As the coffee tree does not generally give economic yields after the age of 40, a good estate should always make provision for an average replanting of 2½% per annum. As it takes 6 years for plants to yield, a good estate should always have 15% of trees under immature plants, or put by sufficient resources so that it may complete replacements of all old trees before they reach the age of 40.

14. From the replies received to our questionnaire we have endeavoured to determine the age of the trees in the reporting estates*. The results of the investigation are summarised in the tables in Annexure VII. It is seen from these tables that the percentage before 1900 is largest in Mysore at 43.9%, Madras has 28% and Coorg 20.95% of trees planted. Considering the trees planted before 1920 i. e. trees which are more than 36 years old and therefore, due for replanting, Mysore has 66.9%, Madras 52.92% and Coorg 35.14%. The problem of replanting is, therefore, more acute in Mysore than in other regions.

Age of plants of the estates analysed.

Figures of new plantings and replantings of reporting estates during the ten year period ending 1953 show that Madras has replanted 21.27%, Mysore 18.67% and Coorg 12.49% of the reporting area.

15. In order to maintain the coffee trees in a state of economic productivity, replanting has to be carried on at a greater rate than has so far been done. On the assumption that the productive life of the tree is 40 years, more than 40% of the existing coffee trees would be now due for replanting. Figures available are in respect of estates covering 19,820 acres (12,900 acres under Non-Indian control and the rest under Indian control out of a total of 2.4 lakhs). No information is available in respect of the small growers who have among them nearly 1.2 lakh acres.

Need of replanting at a greater rate.

Examining the figures, we find that of the total percentage of area planted before 1920, 58% fall in the group planted before 1900. This is the largest single group compared to other groups according to age. Of the area planted before 1900, the percentage is very high for companies under Non-Indian managing agencies (44.6%) and Non-Indian Proprietary concerns (35.81%), while it is 19.47% for Indian proprietary concerns.

*According to the report on the marketing of coffee (1940) 20p.c. of the trees were 30 to 60 years old and 22 p.c. over 60 years. These figures more or less agreed with the existing percentages of old trees requiring replanting. In Brazil, trees of 30-35 years are left out when valuing a plantation.

The age distribution of trees in Brazil was as follows in 1951 :—

	% Distribution. AGE GROUPS				
	Upto 4	4 to 8	8 to 20	20 to 40	Over 40
1	2	3	4	5	6
Sao Paulo	4	9	23	40	24
Parana	39	29	24	7	1
Espirito	25	19	40	13	3
Santa	...	...	...	...	...
Goiaa	46	38	16	5	...

In all the regions except in Sao Paulo the percentages of trees over 40 was very small. The number of middle aged trees that determined the productivity showed a high percentage. (Recent developments and trends in Brazillian coffee production-Rio De Janeiro-Brazil, January 30, 1951).

The following is the percentage of trees planted before 1920 i. e., over 35 years old and over for different managements, and of young plants planted during the last 10 years ending 1953. Details are given in Annexure VII.

TABLE XXXV

Table showing percentages of aged plants and young plants according to types of management.

Type of management	Area under coffee in acres	Aged plants percentage (before 1920)	Young plants average percentage (1943-53)	Percentage of re-planting* required after providing for 15% immature plants
1	2	3	4	5
Sterling	842	58.0	34.0	39.0
Partly Non-Indian Companies	5,098	74.0	12.8	76.8
Indian Companies	1,218	47.8	25.0	37.8
Indian Proprietors.	2,238	39.4	25.5	28.9
Non-Indian proprietors.	2,470	70.3	10.0	75.0

These figures show that Non-Indian companies and proprietors would have about 75% of their area due for replanting while Indian proprietors and companies 29% and 38% respectively.

Case studies indicate that in one Non-Indian company-owned estate comprising an area af 2,932 acres, 78% of the area was planted before 1900. In two others, the percentage of area planted before 1900 is 96 and 78. In Non-Indian proprietary concerns the percentage of this area is 60,80,98 and 100 in 4 estates. In the case of Indian proprietary concerns 5 estates have 60,66,70,80 and 98% of area trees planted before 1900.

*Col. 7 of Table A in the annexure VII gives an estimate of area to be replanted in the place of trees of age 36 to 56 years and over, for the reporting estates, after making due allowance for minimum replanting at 15% of the existing area.

The following is the number of companies having 50p.c. and more to replant according to this estimate.

Sterling and Non-Indian	5 out of 8
Non-Indian proprietary concerns.	3 out of 6
Indian companies	1 out of 2
Indian proprietary concerns,	4 out of 9

Replanting—trends during the period 1943-53.

16. The figures of replanting of reporting estates under different categories of ownership give the following picture:

(i) Three reporting Sterling and Non-Indian companies replanted 634 acres out of 1,821 acres, i.e. 35% while the remaining ten companies replanted only 7%.

(ii) Five Non-Indian proprietary concerns replanted 466 out of 1,158 acres, i.e. 40% while the remaining ten companies replanted 8%.

(iii) Five Indian companies replanted 7,15,24 and 35% of their total acreage.

(iv) 13 Indian proprietary concerns replanted 1,316 out of 3,338 acres or 40% while the remaining 12 companies 9%.

Thus, more than two-thirds of the reporting Non-Indian concerns did replantings of only 4/5 per cent of acreage per year or 8% during the last 10 years while a majority of 13 Indian proprietary concerns have replanted 40% of their total area during the last 10 years and the remaining 12 have done 9%, the average being 28%.

Growers estimates of cost of replanting.

17. One of the reasons for the small extent of replanting is said to be the relatively high cost of replanting. The estimates for cost of replanting in the various regions as furnished by the growers are tabulated in Annexure VIII. They indicate that costs vary between Rs. 1,000 to 4,000 per acre.

New planting in virging jungles, reclaimed lands and replanting in existing lands-analysis of estimates of costs.

18. Costs of new planting an acre and tending, for 5 years in virgin jungles furnished by reporting estates have increased from Rs. 500 to Rs. 2,000 between the years 1944 and 1953. For the year 1948, 12 out of 21 returns show costs over Rs. 1,500. For 1953, 30 out of 38 returns show costs over Rs. 1,500; 19 out of 38 returns show costs over Rs. 2,000; 14 showed costs over Rs. 2,500 and 7 showed costs over Rs. 3,000.

As regards new planting in 1953, in reclaimed land, 8 out of 29 returns show costs ranging between Rs. 1,500 and Rs. 2,000, 4 ranging between Rs. 3,000 and Rs. 3,500 and 3 ranging between Rs. 3,500 and Rs. 4,000. For 1948, no estate shows a cost over Rs. 2,500 and 11 out of 14 show a cost of Rs. 1,500 and below.

Replanting costs in 1953 vary between Rs. 1,000 and Rs. 2,000 for 30 out of 61 returns; 9 out of 61 returns estimate costs between Rs. 2,000 and Rs. 3,000, another 9 out of 61, between Rs. 3,000 and Rs. 3,500, 3 between Rs. 3,500 and Rs. 4,000, and 2 between Rs. 4,500 and Rs. 5,000. A majority of the returns show a replanting cost of Rs. 1,500 to Rs. 2,000 in 1948 and 1953. Present costs of new planting in virgin jungle may be taken as ranging between Rs. 2,000 and Rs. 2,500 and of new planting on reclaimed land as ranging between Rs. 1,500 and Rs. 2,000 and replanting in existing lands are ranging between Rs. 1,500 and Rs. 2,000. Coffee Research Section puts the cost of new planting and tending it for the first five years at Rs. 1,110 per acre. Since coffee reaches its average productive stage after 7 to 9 years the cost, till the plant comes to full bearing, may be estimated to vary between Rs. 1,500 and Rs. 2,000 per acre (excluding the cost of land).

Acreages.

19. The proportion of new planting in virgin and reclaimed land and replanting in existing lands in respect of reporting estates is shown below.

TABLE XXXVI.

Table showing acreage and proportions of new Plantings on virgin and reclaimed land and replanting in existing lands in respect of reporting estates.

(Figures in cols. 2 to 5 are in acres)

Type of Ownership/management	New Planting		Replanting	Total
	Virgin land	Reclaimed land		
1	2	3	4	5
Sterling and Non-Indian companies	367 (31)	289 (24)	525 (45)	1,181 (100)
Non-Indian proprietary	62 (8)	256 (32)	443 (60)	761 (100)
Indian companies	153 (25)	...	451 (75)	604 (100)
Indian proprietary	997 (56)	451 (25)	319 (19)	1,767 (100)

Note:—Figures in brackets show percentages to total.
Source:- Returns from Estates.

It will be noted that the Indian proprietary concerns have done more new planting than replanting.

Necessary for replanting.

20. The following observations have been made by the Research Department of the Coffee Board regarding the condition of the coffee estates in general.

"Not more than 30% of the total population of coffee in any particular zone is of the good pedigree productive category: the balance of 30% of indifferent order and the remaining 40% being practically valueless. Replanting programme should be organised to eliminate unwanted material and plant only promising crop. Such a procedure can dovetail itself into the programme of replanting and new clearing".

"It is their view that "the estates should be gradually worked to a stage when there is at least 1/40 of the estate regularly replanted every year by interlinking or wholesale replanting".

These facts indicate that unless a phased programme of replanting is urgently commenced, certain coffee lands would have to be abandoned during the next 10 years and in consequence production would seriously diminish. It should also be noted that the needs of replanting in borer-affected estates are greater than in others.

The efforts made in the direction of replanting by the industry as a whole have not been adequate. A greater rate of progress in replanting is necessary to prevent the industry running down in vitality and productivity owing to the ageing of the plants. Replanting is necessary not only for maintaining the estates but also for improving the yield. Even in estates which had few aged trees, existing low yielding trees

would have to be replaced by high-yielding and disease-resistant seedlings. With proper selection of improved plant material, experiments have shown that very much larger increases in the yields are possible and this is a factor of considerable economic importance for the future of the industry. Information received from the Research Station at Balehonnur indicates that not more than 12½% of the coffee area has been planted with the high yielding strains evolved by them. Thus replanting is necessary for replacing aged trees, for replacing borer-infested plants and for replacing the low-yielding strains by higher yielding ones. In any programme of replanting, these three factors must be given due consideration. The situation demands a well planned action on the part of the coffee Board and the growers. Although the necessity for replanting old trees and replacing low-yielding strains with high yielding ones is unquestionable, the practical implementation of a replanting programme raises some important considerations.

Replanting involves loss of production from the area replanted for a period of nearly 6 to 7 years. The small holder who depends solely on the income from coffee will find it a very serious handicap in the short-run. In some estates, even if trees were not aged they may have been planted in unsuitable areas leading to uneconomic returns. Replanting or new planting in regions unsuitable for the growing of coffee should be discouraged. The Coffee Board should assess the requirements of production each year and allocate the area that has to be replanted by the estates during that year taking into account these various facts. The laying down of a specific figure for each estate is undoubtedly a difficult matter, but this has to be done if production is not to be seriously affected by programmes of replanting involving uprooting of plants. After determining the needs of production and the area that may be replanted, certain priorities will have to be fixed in respect of estates where large arrears of replanting are in evidence. Government should take steps to ensure that estates make provisions for the replanting of the area allotted to them before they declare dividends or repatriate profits.

Coffee replanting fund—formation recommended.

21. It is observed that no provision has been made by any of the reporting companies for depreciation of the value of the coffee plant. As we have done in the case of tea we recommend that each coffee estate should be required to lay aside every year a certain sum of money for the specific purposes of financing programmes of replanting. If the cost of replanting an acre and tending it for a period of 5 years before the coffee comes to bearing is taken to be Rs. 1,500 the amount to be laid aside each year for implementing replanting programmes will be Rs. 37/8 per acre assuming the economic life of the coffee tree to be 40 years. It will be necessary for the Coffee Board to make a detailed investigation in respect of different regions for the purpose of prescribing suitable figures for each region. The amount paid by each estate should be held by the Coffee Board to the credit of the estate concerned in a separate fund called the Coffee Replanting Fund and the estates may be allowed to withdraw from this fund such amounts as may be necessary for the purpose of replanting, according to a programme of replanting approved by the Coffee Board. The fund should be used only for replanting and even when an estate changes hands should continue to be held to the credit of the estate for the purpose. Necessary legal powers will have to be taken by the Government to compel each estate to contribute to the replanting fund. It may be that there are some units of the industry in any particular region which may not be able to contribute to this compulsory levy. There should, therefore, be a provision for special treatment to be meted out to such weak units. The scheme may be applied in the first instance to estates of 25 acres and above.

22. The replanting fund that is built up is in reality a depreciation fund to provide for the replacement of the coffee trees which are a wasting asset. We, therefore, recommend that contributions to this fund by the coffee estates should be allowed as an admissible charge for the purpose of computing Agricultural income-taxes. While this fund will ensure necessary financial provision for replanting of coffee bushes that will get depreciated hereafter, it will not provide funds to make up for past arrears of replanting. For this purpose we have recommended certain financial schemes which are elaborated in our chapter on "Finance" and on "Small Grower". We hope that the industry will make earnest efforts to make up as soon as possible the previous arrears in replanting. If the ownership of these estates changes hands, adequate consideration should be paid to the needs of rehabilitation and necessary finance provided for this purpose by the buyer. In the case of sales of Sterling capital estates, repatriation of sale proceeds should be permitted by the Reserve Bank only after it has ascertained from the Coffee Board that the necessary contribution to the Replanting fund has been made by the buyer.

Contribution to the fund to rank for rebate on Agricultural Income-tax.

The Coffee Board should have a development staff for this purpose distinct from its advisory services. This staff should see that the estates fulfil the targets of replanting set to them by the Coffee Board. As the need to maintain estates in a state of continued efficiency is paramount, we recommend that the Government should assume legal powers to make investigations and issue such directions as may be found necessary for the proper maintenance of fixed assets including replanting in any estate. This may be done by a suitable amendment of the Coffee Act. It may be mentioned that wide powers for investigation and issuing of directives have already been taken by Government under Sections 15 and 16 of the Industries (Development and Regulation) Act as regards industries which come under its schedule. The provisions of the British Agricultural Act, 1947 under which directives can be issued for proper land management and husbandry have also relevance in this connection. Also, the Coffee Board should have power to issue directions in regard to better farming. The advisory service should see that they are enforced.

The directives to growers by the Native Coffee Board in Tanganayaka (vide footnote) indicate their nature and scope in enforcing better farming.

Note.—

(i) No land may be planted with coffee until the site has been approved by and prepared to the satisfaction of the coffee Inspector.

(ii) Only approved seeds and seedlings should be used.

(iii) The grower must keep the land free from pests and diseases.

(iv) If any land in which coffee is planted is unoccupied or if the owner has left such coffee in charge of a person who, in the opinion of the coffee Inspector, is incapable or unwilling to undertake the care of coffee, the Board may, after considering the report of the coffee Inspector, order that such coffee be uprooted if it is in a neglected condition.

(v) The coffee Inspector may order any owner or occupier to assist in any work of a communal nature for the purpose of combating pests and diseases.

(vi) The Board, may, after considering the report of a coffee Inspector, order uprooting and destruction of any coffee plant.

(vii) To make sure that shade trees in coffee plots including bananas are not allowed to become too dense, trees or plants planted in coffee plots must be controlled to the satisfaction of a coffee Inspector.

The Second Five-Year Plan also lays stress on the need for land management legislation for the maintenance of efficient production*.

Processing of coffee a descrip ive account.

23. Coffee production consists in not merely raising a crop but also in processing and preparing it for the market. These are described in the following paras. There are two stages in the processing of coffee—estate processing and curing. The raw coffee is processed at the estate by one of two methods—the wet method or the dry method.

Preparation of coffee by the wet method requires a good supply of water. Pulping, fermenting, washing and drying are the stages in the wet process prior to hulling at the curing works. A simple pulping machine is used to remove the outer pulp from the berries. The pulping machine removes the outer covering but the berries remain coated with mucilaginous matter. This is removed by washing the beans, after they have undergone a certain amount of fermentation. Fermentation renders the covering soft and this is removed by washing the beans several times with fresh water. The berries are then spread out to dry. The coffee prepared by the wet method is called Parchment. In the dry method the berries are spread out for 2 or 3 weeks in 'Pandals' and covered with coir matting. They are stirred several times a day to get a uniform driage. After drying, the coffee is in some cases hulled in the estate itself usually with a wooden mortor and pestle (and is then called estate-pounded coffee) or it is sent to curing houses for hulling. Arabica coffee processed by the wet method is called by the special name

(viii) Coffee nurseries must be approved in writing by the Board.

(ix) Coffee pulpers must be kept in a condition to the satisfaction of the Board.

(x) In order to prevent picking unripe or overripe cherries and make sure that coffee is properly pulped, fermented, washed and dried, picking and preparation must be done to the satisfaction of the Board.

(xi) If an Inspector finds that a grower is picking unripe or overripe cherries or is not pulping, fermenting, washing or drying the coffee properly, then the Inspector can order the coffee to be made into No. 2 or No. 3 grades. A coffee Inspector may order that any parcel of coffee should be delivered by the owner separately to the Board or its agent.

(xii) If an order is not complied with, the Board may carry out the terms of the order and recover the cost.

(xiii) Any native who fails to comply with any of these directives shall be liable on conviction to a fine not exceeding 20 sh. and in the case of a second or subsequent conviction he shall be liable to a fine not exceeding 10 sh. ("All about Coffee" R. J. M. Swynnestar).

*Land management legislation should provide for standards of efficient cultivation and management which will permit objective, qualitative judgments. A list of factors to be taken into account in judging the quality of management of a farm or a holding worked out by the Committee ... .On the basis of these factors as adapted to local conditions, it should be possible in any village or in any area to classify farms according to the quality of management into suitable grades, for instance, two grades above and two below the average. While farms which fall into the first two categories should be given suitable encouragement and recognition, steps should be taken to ensure that those falling below the average are assisted in improving their standards.

plantation parchment. For preparing parchment coffee, only ripe berries can be utilised. So, even in estates which have enough supplies of fresh water all the pluckings cannot be converted into parchment. 'Gleanings' and 'Strippings' contain beans at different stages of maturity and have to be converted into cherries. Discriminative separation of the beans into parchment and cherry improves the quality of both the types. The planter has to resist the temptation to convert immature and poor quality into parchment.

The parchment coffee is packed in gunny bags and sent to the curing houses where the following further operations are done-drying, hulling, garbling and grading. The dried beans received from estates are further dried by spreading on drying floors and stirred frequently until the required driage is attained. Hulling and polishing machines remove the parchment and silver skin by abrasive action. After hulling, the beans are graded for size by means of sieves. 'Garbling' is the term used for sorting out the beans; discoloured or the defective beans thus picked out are called 'triage'. Cherry coffee received from the Plantation is first dried at the curing house and then hulled. The dried pulp is used as fuel or as manure. The beans are then garbled and graded.

'Monsooned coffee' for which there is a limited demand in the Continental countries is prepared by some curers. For this purpose cherry is spread out on cement or brick floor and raked twice or thrice a day. It is then packed in gunny bags and stacked so that monsoon winds may blow continuously between the bags. Once a week the packets are opened and the contents are bulked and repacked to avoid the beans getting mouldy. This makes the contents absorb moisture and they are then said to be fully monsooned.

24. In our questionnaire we had asked the estates to furnish information regarding the quantity of coffee converted into parchment and cherry.

Arabica parchment and cherry—their relative proportion of production by growers.

22 Arabica estates have furnished figures showing the proportion of the crop converted into parchment and cherry respectively. The information furnished by them is shown in the Annexure IX.

The Non-Indian section shows a larger percentage out-turn as parchment than the Indian section. Our questionnaire had also called for information regarding facilities for pulping and fermenting and washing coffee available in the estates. It is observed that most of the larger companies and proprietary concerns have adequate facilities for pulping, fermenting and washing. The smaller proprietary concerns lack these facilities.

25. Any improvement in the methods of production of coffee will have to be viewed in the light of

Directions in which improvements are considered necessary.

(i) Improving the yield.

(ii) Improving the quality of the coffee by discriminate plucking and preparation of as large a part as possible as plantation parchment and proper storage.

As stated in an earlier chapter, the yield of coffee in India is low when compared to the yields in other coffee growing countries. If better seed selection, intensive manuring and adequate pest control methods are adopted, it is estimated that production will increase by 2 to 3 cwts. per acre i.e. 150% of the present yield.

Coffee requires quality control at every stage of production. Great care has to be taken in the initial stage of sorting the beans to be converted into Plantation or Cherry. Washing has to be done with care so that every

trace of the mucilaginous substance is removed. Drying, hulling and grading also require care. The curer has to resist the temptation of giving a larger out-turn by giving imperfect drying. The care with which grading is done has much bearing on the quality of the coffee and the price the coffee will fetch in the market. These factors are dealt with in greater detail in the chapter on "Higher productivity and Labour".

Coffee curers—their role.

26. The processing of coffee is done by curing firms. Coffee curers occupy a pivotal position in the Coffee industry. Almost all the coffee has to be cured before it can be marketed. Curing requires not only expenditure of capital for necessary equipments and machinery but also a certain degree of technical skill. The important curing firms in operations in the coffee growing region were established by the early European pioneers of the industry and have been in this business for many years. Before the inception of the Coffee Board, the coffee curers were focal points for assembling of the crop and processing it for market. The organisation of marketing had the curer at the apex. Coffee auctions were carried out by them. They acted as financiers to small growers. They arranged for supplies to the estates and in all these ways they held a position of prominence in the industry. When the Coffee Board was formed, the Board used the existing agencies by appointing these same curers as their agents for doing a variety of functions. Under the Coffee Market Expansion Act, all coffee had to be surrendered to the Board and the Board had to arrange for curing and marketing the produce. It was, therefore, convenient for the Board to employ the curers as their agents. The Board periodically fixed what they considered a fair charge for curing.

An examination of the records of the past few years shows that the charges for curing have risen from Rs. 37/8/- in 1943 to Rs. 75 per ton in 1954 in the case of plantation and cherry coffee and from Rs. 25 to Rs. 60 per ton for estate pounded coffee. The increases in the rates for curing having been made generally on the basis of the representations made by the curers about increases in the costs, etc. The quantities handled by the curers have also increased during the same period as shown in the Annexure X from 6,590 tons in 1942-43 to 67,397 tons in 1953-54. There has been so far no systematic investigation of actual costs of curing and we would, therefore, recommend that this is a matter which should be taken up by the Coffee Board for scrutiny by a Cost Accountant and reasonable charges fixed on the basis of such investigations.

The functions which the curers perform in addition to curing the coffee, and their position in the industry today would be described at greater length in the chapter on 'Marketing of Coffee-Primary Sales'. Many of the larger curing firms are also managing agents of coffee estates. They are also wholesale dealers in coffee. This interlocking of their interests results in certain anomalies in practice as will be discussed later.

CHAPTER VI.

COST OF PRODUCTION OF COFFEE.

Introductory.

One of the specific terms of reference of our Commission is "to examine the methods of producti n and the costs of production of coffee." We have described the methods of production in Chapter V and we have discussed the methods for increasing productivity in chapter VII. In this chapter we have made an attempt to estimate the cost of production of coffee in India during the four years 1950 to 1953, and the changes that have taken place in 1953 as compared with 1950.

Importance of Cost of Production.

2. The cost of production of any commodity plays an important role in the economy of the industry concerned. It is particularly important in the case of the coffee industry, because the basic release price in the sales of coffee made by the Coffee Board primarily depends on the cost of production of coffee. Changes in cost of production of coffee, therefore, influence to a large extent the price of coffee in our country. Coffee differs from tea in so far as it has a sheltered market in the country. In respect of certain types of high quality coffee whose present production costs in India are lower than those abroad, we can take advantage of higher international prices by exporting a part of our coffee production after meeting internal demand.

Earlier Enquiries Regarding Costs.

3. As cost of production of coffee plays a particularly important part in determining coffee prices in India it has been the subject matter of enquiries by Cost Accounts Officers of the Government of India. The first enquiry in the cost of production of Arabica coffee was carried out in 1945 by Mr. H. L. Cooke. A further enquiry was carried out by Shri O. N. Anand during the year 1947-48. Since then the Coffee Board has also collected figures for cost of production of selected Arabica estates every year in order to determine the basic price for Arabica coffee. The last cost of production enquiry in coffee was carried out in 1953 by Shri K. Nagaswamy, Cost Accounts Officer, Government of India. The coverage in these enquiries has been rather limited. We have tried to cover a larger area for computing cost of production of coffee during the years 1950 to 1953.

Source of our data and coverage.

4. With a view to elicit necessary data regarding cost of production of coffee, we issued along with our Questionnaire a Proforma 'C' with necessary instructions (vide Appendix* III). This Proforma was to be answered by each estate or by proprietors, companies, or managing agents on behalf of a group of estates. The proforma 'C' elicited some particulars about each estates together with figures of cost of production of coffee, divided under the major heads of cultivation charges, charges for gathering and processing of crop and general charges. This proforma was issued to all registered coffee estates with an area of 100 acres and above. The total number of Proforma 'C' sent out was 503, out of this 90 were returned to us duly completed. The percentage of response was thus only 18%. The completed proformas for the year 1953 cover 25,172 acres of Arabica, 3,847 acres of

* Of part I on Tea.

TABLE XXXVII.

Table showing coverage of estates analysed for cost of production.

1953

Type of Ownership/Management	Arabica			Robusta			Arabica & Robusta Mixed		
	Acreage	Production (in cwts.)	Yield per acre (in cwts.)	Acreage	Production (in cwts.)	Yield per acre (in cwts.)	Acreage	Production (in cwts.)	Yield per acre (in cwts.)
1	2	3	4	5	6	7	8	9	10
Sterling Companies	2,276	12,652	5.56	...	...	...	...	...	...
Non-Indian Managing Agents Control Non-Indian	770	4,236	5.50	...	...	...	...	...	...
Partly Indian & Partly Non-Indian	4,691	12,430	2.65	371	775	2.09	980	4,814	4.91
Indian Managing Agents Control Indian	4,123	15,390	3.73	...	...	...	396	447	1.13
Outside Managing Agents Control Private Ltd. Indian	132	246	1.86	...	...	...	...	...	...
Private Ltd. Non-Indian	1,751	5,809	3.32	...	...	...	217	693	3.19
Proprietary and Partnership concerns Indian	5,917	23,689	3.98	2,263	6,069	2.68	1,517	5,673	3.74
Non-Indian	5,512	24,828	4.50	1,213	8,481	6.99	1,956	4,811	2.46
All India	25,172	99,280	3.94	3,847	15,325	3.98	5,066	16,438	3.24

Robusta and 5,066 acres of mixed Arabica and Robusta estates (vide Table XXXVII) and represent about 26% of area and 29% of production of coffee of estates of 100 acres and above in 1953. Taking the total area under coffee and total production of coffee in India in 1953, these estates represent about 24% of area and 22.3% production. Management-wise, they represent 95% of area under Sterling companies, 82% of area under Rupee Non-Indian controlled companies, 44% of area under Indian controlled companies and 22% of area under proprietors and partnerships (Indian and Non-Indian). The responsibility of sending in these completed proformas was primarily with the estates concerned. The various producers organisations, however, helped the Commission in securing replies from their member estates. The returns were also scrutinised by our office by reducing the costs under each sub-head to costs per cwt. and, wherever obvious discrepancies were suspected, references were made to respective estates and corrections, where necessary, were incorporated before the figures were consolidated.

Further with a view to have an enquiry into the cost of production of coffee under the direct supervision of Government Cost Accountants and to provide a test check, we took a stratified random sample of 20 estates. Out of these, 19 estates were actually costed by Shri K. Nagaswamy, Cost Accounts Officer, Ministry of Finance, Government of India (*Vide* Appendix* IX); a statement showing the weighted average cost of production of coffee taken from his report is given in Appendix II. His report relates to cost of production in 5,463 acres of coffee. These represent about 2% of total area under coffee and about 3% of total coffee production in the year 1953.

The small holders play a far more important part in the production of coffee than that in tea in India (vide chapter III). We have, therefore, collected with the help of the Coffee Board's liaison staff information from 632 small holders. A simple proforma (vide Appendix† VIII) was issued to collect this information. Those returns represent 12% of area and 22% of production in coffee holdings below 100 acres and 5.5% area and 4.9% production of total area and total production of coffee in India in 1953.

Definition of cost of production.

5. The term cost of production used in this chapter includes all expenses on cultivation, charges for gathering and processing of crop. It also includes general charges relating to office expenses at the estates and at the head office and other expenses on medical aid and other labour welfare measures. It, however, excludes expenditure on commission to managing agents and others (unless otherwise stated), interest charges, taxation, etc.

Our approach in the analysis of Cost Data.

6. We have given figures of costs of production of Arabica and Robusta coffee separately, and also of mixed Arabica and Robusta estates. A table showing costs of production of all types of coffee taken together has also been given in this chapter. Further, the cost of production data has been analysed region-wise, item-wise and management-wise. We have analysed the data for India as a whole and also separately for the regions of Madras, Mysore, Coorg, and Travancore-Cochin. We have analysed the cost data, item-wise, under the various major and minor items of expenditure included in Proforma 'C'. We have combined this analysis with region-wise analysis also. As regards management-wise analysis, the basis for various sub-heads under Indian and Non-Indian managements has been pointed out in Chapter III. The relative importance of each type of management in the estates analysed by us, on the basis of their acreages under coffee for the year 1953, is shown in Table XXXVIII.

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*Of part I on Tea.

†Of part I—Tea.

TABLE XXXVIII

Table showing coverage of estates analysed for cost of production

Type of Ownership/Management.	Planted Acreage	Percentage to total of col. (2)	Production in cwts.	Percentage to total of col. (4)
1	2	3	4	5
Sterling companies.	2,276	6.67	12,652	9.65
Non-Indian Managing Agents Control Non-Indian.	770	2.26	4,236	3.23
Partly Indian and Partly Non-Indian.	6,042	17.72	18,019	13.75
Indian Managing Agents Control-Indian.	4,519	13.26	15,837	12.08
Outside Managing Agents Control Private Limited Indian	132	0.38	246	0.19
Private Limited Non-Indian	1,968	5.77	6,502	4.96
Proprietary and Partnership concerns Indian.	9,697	28.18	35,431	27.04
Non-Indian.	8,681	25.46	38,120	29.10
All Groups.	34,085	100.00	131,043	100.00

We find from the above table that Indian estates form a substantial part of the estates analysed. Proprietary and partnership estates play a far more important role in coffee than in case of tea. They represent on the whole 34% of total coffee area. The Sterling estates play a comparatively insignificant role in coffee representing only about 1% area and 2% production. The Non-Indian Section among the proprietary and partnership estates represent 13.5% of total area under these estates.

The more important aspects of the analysis under each of these three approaches have been given in the main body of this chapter while the details have been given in the appendices and Annexures.

Our cost of production figures cover the four years from 1950 to 1953 while for detailed studies we have taken the cost figures for the year 1953-54 (i. e. the year ending the 30th June, 1954), we have made use of the figures for all the years for general comparative study of costs. We have arrived at the cost per cwt. of coffee for each year by dividing the cost figures of items other than crop gathering and processing for each year by the six-yearly average of production ending with that year. The cost for crop gath-

ering and processing has been calculated by dividing it by the production of that year because crop-gathering charges vary with the production. This method has been adopted by the cost accountants in the present as well as the previous enquiries, and we have followed the same method in our costing. This method, to a certain extent, evens out fluctuations which are brought about by changes in production due to climatic factors.

Limitations of our cost analysis.

7. We have mentioned earlier that the figures for cost of production were supplied to us by the estates concerned. Though we have issued necessary detailed instructions in this regard (vide Appendix* III), possibilities of some overlapping and lack of accuracy in allocation of expenditure under various sub-heads exist.

Cost of production of Coffee in India for estates of 100 acres and above for the years 1950 to 1953.

The coverage of our cost analysis of coffee, both with reference to area and production, is less than in the case of tea. It has also not been possible to take account of the quality of Coffee produced, though cost figures have been worked out separately for Arabica, Robusta and mixed Arabica and Robusta estates. As the small holder occupies an important place in coffee production and as accurate figures for the cost of production for this sector of the Industry are not available, our cost data cannot be taken as fully representative of all Sections of the Industry. However, our data could, by and large, be regarded as very dependable in so far as estates of 100 acres and above are concerned.

On the basis of the Proforma 'C' returns received by us, the estimated cost of production of coffee is as follows:—

TABLE XXXIX

Table showing cost of production of Arabica coffee 1950-53

(In Rs. per cwt.)

Items	1950	1951	1952	1953	Average 1950-53
1	2	3	4	5	6
Cost of Production (Exclusive of commission to managing Agents).	98.71	122.20	129.60	138.94	122.25
Cost of Production (Inclusive of commission to Managing Agents.)	102.26	128.17	133.81	143.59	126 96

Source—Returns from estates

*Of part I Tea.

TABLE XL

Table showing cost of production of Robusta coffee 1950-53

(In Rs. per cwt.)

Items	1950	1951	1952	1953	Average 1950-53
	2	3	4	5	6
Cost of Production (Exclusive of commission to Managing Agents)	88.88	110.27	108.03	109.75	104.23
Cost of Production (Inclusive of commission to Managing Agents)	92.90	113 52	111.48	112.71	107.65

Source.—Returns from estates

TABLE XLI

Table showing cost of production relating to Arabica and Robusta (mixed) estates

(In Rs. per. cwt.)

Items	1950	1951	1952	1953	Average 1950-53
1	2	3	4	5	6
Cost of Production (Exclusive of commission to Managing Agents)	113.97	147.17	140.37	143.59	136.27
Cost of Production (Inclusive of commission to Managing Agents)	116.35	150.54	143.37	147.24	139.38

Source-- Returns from estates

We find from the above Tables that costs of production of Arabica coffee have been rising regularly since 1950. For Robusta and 'mixed' estates, costs rose rather suddenly in 1951 and though these fell in the next two years, these continued to be higher than what they were in 1950. Although the cost of production of Robusta is less than that of Arabica we find that the cost in respect of mixed Arabica and Robusta estates is higher even than that of pure Arabica estates. This may be partly due to the fact that our coverage for 'mixed' estates is much less (4,885 acres) as compared

with our coverage for Arabica estates (25,172 acres) or either of the two types of coffee is being grown in comparatively unsuitable areas. In Table XLII we have combined the costs of production in all the three types of coffee estates; it shows that costs have been rising every year since 1950.

TABLE XLII.

Table showing cost of production of coffee relating to all the three types of coffee estates.

(In Rs. per cwt.)

Items	1950	1951	1952	1953	Average 1950-'53
1	2	3	4	5	6
Cost of Production (Exclusive of commission to Managing Agents)	105.84	123.37	135.04	135.30	124.89
Cost of Production (Inclusive of commission to Managing Agents)	109.96	128.81	139.07	139.65	129.37

Source—Returns from estates.

Our cost figures—compared to the figures of the Cost Accountant and Coffee Board

8. The Cost Accountant's report on cost of production of coffee (Vide Appendix I) gives the following figures.

TABLE XLIII.

Table showing cost of production of coffee
(calculations based on figures of sampled estates)

Items	Cost of Production per cwt. in Rs.			
	1950	1951	1952	1953
1	2	3	4	5
Arabica	114.73	124.41	140.05	134.16
Robusta	72.35	73.99	73.08	80.67

Source:—Cost Accountant's Report.

The Coffee Board's figures for cost of production of Arabica coffee are as follows:—

TABLE XLIII-B

Table showing cost of production of Arabica as given by Coffee Board for 1951—52 to 1953—54

(In Rs. per cwt.)

Year	Cost of Production in			
	Mysore	Coorg	Madras	All-India
1	2	3	4	5
1951-52	148.73	147.62	123.77	137.89
1952-53	153.66	153.92	139.41	145.75
1953-54	114.18	153.42	149.41	142.26

Source—Coffee Board.

We find from these Tables that for Arabica coffee the difference between the cost of production figures as arrived at by proforma 'C' and by the Cost Accountant is not much; the cost figures arrived at by the Coffee Board are, however, higher than those given by either of them. In case of Robusta, the Cost Accountant's figures differ considerably from those of proforma 'C'; this may be due to comparatively limited coverage under this head in the Cost Accountant's enquiry.

Weighted average cost of production in 1953 region-wise, and according to the company type and non-company (proprietary and partnership) type of management would give a more dependable figure. It has been worked out by the Cost Accountant as follows:—

TABLE XLIV

Table showing weighted average costs of Arabica coffee grown in 1953
(Selected Estates)

(In Rs. per cwt.)

Region	Company sector	Proprietary Sector	All sectors
		Private or Non-company	
1	2	3	4
Mysore	146.82	129.34	135.17
Coorg	...	105.61	105.61
Madras	153.06	91.56	112.06
Weighted average for the three regions for all estates	...	...	118.78

Similar weighted average as worked out from the figures collected by us is as follows :—

TABLE XLV.

Table showing the weighted average cost of production of Arabica coffee in 1953.

(In Rs. per cwt.)

Region	Cost of Production		
	Company sector	Proprietary groups	All sectors
1	2	3	4
Mysore	155.44	117.69	130.27
Coorg	141.34	133.78	136.03
(Average giving weights for regions and company and prop. groups).	...	...	127.57

Source—Returns from Coffee Estates.

The two weighted averages on the basis of regions and managements arrived at from the Cost Accountant's figures and Proforma 'C' figures differ by about 5.5% which may be attributed to the large difference in the coverage between the two.

Changes in cost of production of coffee between 1950-53.

9. Table XLVI shows the costs of production of Arabica and Robusta coffees, management-wise, in 1953 as compared with 1950.

We find from Table that the costs of production of Arabica and Robusta coffees have risen by 40.7% and 23.5% respectively. There is an increase in cost in every management group both for Arabica and Robusta. The maximum increase is in the group of private limited companies under Non-Indian control and the minimum increase (14%) is in the Indian 'proprietary' group. In Robusta, the Non-Indian proprietary group shows the highest increase (39%) and the Indian proprietary the lowest (12.5%).

Region-wise costs.

10. Cost of production of coffee in Arabica, Robusta, and mixed Arabica and Robusta estates, region-wise, for the years 1950 to 1953 has been given in details in Annexure XI-I, XII-I and XIII-I.

TABLE XLVI

Table showing total cost of production of coffee (excluding commission to Managing Agents) in 1953 as compared to the costs in 1950. (Management-wise analysis)

Type of Ownership/ Management.	Arabica			Robusta		
	Total costs in 1953 (Rs. per cwt.)	Total costs in 1950 (Rs. per cwt.)	Approximate % increase or decrease	Total costs in 1953 (Rs. per cwt.)	Total costs in 1950 (Rs. per cwt.)	Approximate % increase or decrease
1	2	3	4	5	6	7
Sterling Companies.	137.39	104.64	31.3	...	...	..
Non-Indian Managing Agents Control.						
Non-Indian.	140.54	101.93	37.9	...	...	...
Partly Indian & Partly Non-Indian.	160.80	135.37	18.8	110.86	82.32	34.7
Indian Managing Agents Control.						
Indian.	144.15	102.40	40.8	...	...	...
Out-side Managing Agents Control.						
Private Limited Indian.	163.17	71.72	127.5*	...	...	...
Private Limited Non-Indian.	179.33	121.20	48.0	...	...	...
Proprietary and Partnership						
Indian.	126.25	110.86	14.0	115.16	102.36	12.5
Non-Indian.	127.91	91.38	40.0	106.09	76.09	39.0
All Groups	138.94	98.71	40.7	109.75	88.88	23.5

*Relates to one estate only and hence not representative of the group.

We are giving below summary Tables for each type :

TABLE XLVII.

Table showing average cost of production of coffee, region-wise

A. *Arabica.*

(in Rs. per cwt.)

Region.	1950	1951	1952	1953	Average
1	2	3	4	5	6
Madras	116.76	126.17	141.06	139.31	130.83
Mysore	94.02	112.51	139.85	143.20	122.40
Coorg	107.13	124.59	138.68	136.13	126.63
T. C. State	85.39	82.12	147.29	166.94	120.44
All India	98.71	122.20	129.60	138.94	122.36

B. *Robusta.*

Region.	1950	1951	1952	1953	Average
1	2	3	4	5	6
Madras	94.73	143.29	123.77	109.53	117.83
Coorg	80.99	76.53	94.14	111.97	90.90
All India	88.38	110.27	108.03	109.75	104.23

C. *Mixed Arabica and Robusta.*

Region.	1950	1951	1952	1953	Average
1	2	3	4	5	6
Madras	107.13	116.58	112.17	119.38	113.82
Mysore	106.95	143.82	150.82	149.60	137.80
T. C. State	120.06	137.82	133.01	135.41	131.58
Coorg	110.63	181.32	125.53	133.78	137.82
All India	108.73	140.13	132.96	136.44	129.57

We find from Table A that costs have increased much more in Mysore and T. C. State than in Madras and Coorg; in fact while the latter two states had the lowest costs in 1950, these have the highest costs in 1953.

Table B shows that in Robusta coffee also, the rise in costs has been more in Coorg than in Madras.

In Table C, Mysore shows the highest rise in costs for mixed Arabica and Robusta estates while Madras shows the least rise.

Region-cum-item wise analysis.

11. *Arabica:* When comparing regional costs, the possibility of lower costs resulting from higher yields should be kept in mind. For instance, for Arabica estates Coorg showed a higher yield, Madras came next, and Mysore last. If despite higher yields, a region, showed higher costs for certain items than regions with a lower yield, it required examination.

It is found that the expenditure on spraying and dusting was the highest in Coorg; Mysore came second, and Madras third in this item of expense,—an indication of great care by the planters of Coorg in the maintenance of the coffee tree. The costs of upkeep were higher in Coorg and Mysore than Madras, due, perhaps, to the maintenance of a greater mileage of roads and greater number of buildings. Transport to distant coastal centres by Mysore and Coorg increased the charges for these two regions. With relocation of curing houses and warehouses for storage at suitable centres in conformity with the expansion of internal consumption, transport charges are expected to decrease in these regions. Recruiting charges were an item of additional expense for Coorg and Madras while Mysore spent less as it had more settled labour. Coorg set apart more as depreciation charges than other regions. The costs of estate-processing were lower in Coorg and Mysore than in Madras.

In Madras coffee was a mixed crop along with tea; estates had to maintain the same standards of labour wages and labour welfare for all the plantation crops. They spent more on general field works, filling in vacancies, wages for gathering and processing, medical benefits, and bonus to labour.

The expenditure on improved practices in Mysore was low. It spent the least as compared to other regions in 'filling-in-vacancies.' It spent less than Coorg on spraying and dusting. In Mysore there were more proprietary concerns than companies; and companies under managing agencies were less than in other regions, therefore the expenditure under bonus to staff and commission to managers and staff, and salaries and allowances to estates staff was more than in other regions.

Robusta: Coorg had the highest yield at 3. 28 cwts. per acre, as against 1.40 cwts. in Malabar, 1.54 cwts. in Nilgiris, and 2.32 cwts. in Mysore. But the costs were in certain respects higher than in other regions. It spent three times as much as Madras on manuring. Coorg spent almost nil on pest control while Madras spent Rs. 8.75 per cwt. In the matter of upkeep of the estates, despite more than double the yield than Madras, Coorg spent four times as much as Madras. This showed that larger expenditure was incurred on other items like roads and buildings than in Madras. Another special feature to be noted about Coorg is that in Robusta estates it spent three times as much as Madras on medical benefits. Robusta estates in Coorg shared costs of medical relief with government and local bodies and provided more medical benefits than Mysore. Another fact to be noted about Robusta estates in Coorg was that their general charges were far higher than in Madras (Rs. 54.93 as against Rs. 37.19), perhaps an indication of costly company management of Robusta estates.

Madras spent double of Coorg in general field works due to higher labour wages and lower yields. Total cultivation charges too for the same reasons were 30% more than in Coorg. As wages were high, crop gathering charges were also high. Estate processing was done to a greater extent in Madras than in Coorg.

Management-wise costs:

12. Detailed data regarding costs of production for Arabica, Robusta, and mixed Arabica and Robusta estates for the years 1950 to 1953 is given in annexures XI-II, XII-II and XIII-II. Table XLVIII gives briefly these costs for years 1950 and 1953.

Item-wise and management-wise costs.

13. A comparison of item-wise and management-wise costs between the years 1950 and 1953 or even for the year 1953 is made difficult by the fact that the yields were not uniform in 1950 and 1953 and they differed too among the several types of managements. The average yield was 3 cwt. per acre in 1950 and 4 cwts. in 1953. Management-wise the yield was 5.5 for Sterling, 2.6 for companies under Non-Indian managing agencies, 3.7 for companies under Indian managing agencies, 4 for Indian proprietary concerns, and 4.5 for Non-Indian proprietary concerns in the year 1953. While total costs may increase for getting an increased yield, the costs per cwt. are reasonably expected to be less.

The Non-Indian proprietary concerns showed the lowest costs under cultivation in 1950 as well as in 1953. This was not due to any decrease in expenditure under necessary items which had a direct relation to an increase in the yield. For instance in 1953 they spent more on pest control than Indian proprietors. (Rs. 3.33 per cwt. as against Rs. 0.75 per cwt.)

On spraying and dusting they spent more than all other concerns (Rs. 16.44 per cwt.) except Sterling companies. In manuring their expenses were the highest. This expenditure has been incurred on a higher yield of 4.5 cwts. per acre, while in the case of other concerns the yield was far less (2.6 cwts. to 4 cwts.) on field works, however, they spent the lowest.

The overall increase in expenditure between 1950 and 1953 has been partly contributed by a greater expenditure by all concerns on manuring, spraying and pest control.

Upkeep charges were generally high in respect of Sterling (Rs. 13.36 per cwt.), Non-Indian companies (Rs. 11.96 per cwt.), and Non-Indian proprietors (Rs. 10.41 per cwt.). These were the lowest for Indian companies (Rs. 5.47) and Indian proprietors (Rs. 6.11.) These charges related to ordinary repairs and maintenance of various assets such as buildings, roads, bridges and other assets. The greater these assets, the greater too will be the cost of repairs and maintenance.

Sterling and partly Indian companies under Non-Indian managing agencies spent far more on medical relief than Indian companies and proprietary concerns, Indian or Non-Indian.

Commission to staff was the highest in Sterling companies, about 3½ times the average. Non-Indian proprietary concerns spent Rs. 2.18 per cwt. Partly Indian companies under Non-Indian managing agencies and Indian companies spent the least.

Commission to managing agencies and directors was a big item of expense for companies under managing agencies. Proprietary concerns incurred little under this head. Salaries and allowances under estates and head office were greater under the former than under the latter. Proprietary Non-Indian concerns spent the least under these heads.

TABLE XLVIII.

Table showing management-wise costs of production for Arabica, Robusta and mixed Arabica and Robusta estates for the years 1950 and 1953

(In Rs. per cwt.)

Type of Ownership/management	Arabica		Robusta		Mixed Arabica & Robusta	
	1950	1953	1950	1953	1950	1953
1	2	3	4	5	6	7
Sterling Companies	104.64	137.39	...	...	...	...
Non-Indian Managing Agents Control						
Non-Indian	101.93	140.54	...	...	...	...
Partly Indian	135.37	160.80	82.33	110.86	92.54	115.62
Indian Managing Agents Control						
Indian	102.40	144.15	...	...	186.95	195.57
Outside Managing Agents Control						
Private Ltd. Indian	71.72	163.17	...	...	...	...
Private Ltd.-Non-Indian	121.20	179.33	...	...	81.56	140.07
Public Ltd.-Non-Indian	...	...	...	...	...	...
Proprietary and Partnership Concerns						
Indian	110.86	126.25	102.35	115.16	116.72	129.58
Non-Indian	91.38	127.91	76.09	106.09	121.51	170.62

Management-wise analysis for costs of production in Robusta estates shows that the Non-Indian proprietary and partnership concerns had the lowest costs (except in 1952) while the Indian proprietary and partnership concerns had the highest costs. The Indian proprietary concerns generally spent more on crop gathering and much more on cultivation than the Non-Indian proprietors.

A comparison of costs of production of Arabica and Robusta showed that Robusta cost less to produce than Arabica. Cultivation was one of the items in which Robusta cost is lower than Arabica. The difference varied from Rs. 8 to Rs. 22. It was contributed mainly by spraying and dusting charges which were incurred in Arabica but not in Robusta. Manuring charges too were less for Robusta. The costs of general field works, on the other hand, more for Robusta.

Crop-gathering and other processing charges were lower for Robusta as compared to Arabica. Non-Indian proprietors spent 33⅓% less on Robusta as compared to Arabica.

Charges of upkeep, depreciation, recruiting, medical and other labour benefits, bonus to staff and labour, commission to managing agencies, and salaries and allowances were higher for Arabica than for Rubusta production.

In mixed Arabica and Robusta estates, the highest costs are shown by Indian companies under Indian managing agency control. As between the two large groups of Indian and Non-Indian Proprietary and Partnership concerns, the Indian section showed higher costs in 1950 and 1951 but lower costs in 1952 and 1953. Compared with 1950, cultivation charges for the Indian section have increased in later years. In the Non-Indian section, general charges are higher than those in the Indian section.

Proportion of various heads of costs to total costs of production of coffee.

14. The Table given below indicates the relative importance of major items of costs of production in 1953 in case of Arabica, Robusta and mixed Arabica and Robusta estates :—

TABLE XLIX.

Table showing proportion of various heads of costs to total costs of production in 1953

(in percentage)

Head of Cost	Arabica	Robusta	Mixed Arabica & Robusta
1	2	3	4
1 Cultivation	49.91	47.32	48.49
2. Charges for gathering of crop.	13.97	12.97	15.23
3. General charge (excluding commission to Managing Agents)	36.12	39.71	36.28

We find from the above Table that the proportions for the three major heads for the three types of coffee estates are more or less the same. Also it indicates that in the coffee industry, cultivation expenses accounted for about half of the costs, general charges (excluding managing agents commission) for a little over a third, and crop gathering charges for about one-seventh of the total cost.

Cost of production of small growers.

15. We have already pointed out that the small growers occupy an important place in the Indian coffee industry. We had prepared a simpler proforma (*Vide* Appendix* VIII) for estimating their cost of production. The Liaison staff of the Coffee Board were requested to visit the coffee estates in their regions and collect and forward details under various items of cost for the year 1954-55 as shown in the proforma. Although we received in all over 700 such returns, the figures furnished by the growers appeared to be in many cases not strictly related to the expenses incurred for coffee-growing in the respective years. The small growers do not maintain any regular books of accounts and in many cases figures furnished were admittedly rough estimates only. Many of the returns had to be discarded owing to lack of sufficient details. Even though the coffee board attempted to make a verification of the entries in certain cases, it was not possible for them to make any detailed scrutiny of the returns submitted. Our returns relate to 633 estates covering an area of 13,692 acres. The costs as worked out from these returns are shown in table L.

*Of Part I Tea.

TABLE L.

Table showing Cost of Production in Rs. per cwt. of small holdings in different regions.

Region.	Arabica				Robusta				Arabica & Robusta			
	Less than 25 acres.		25 acres and above.		Less than 25 acres		25 acres & above.		Less than 25 acres.		25 acres & above.	
	Cost	Yield	Cost	Yield	Cost	Yield	Cost	Yield	Cost	Yield	Cost	Yield
1	2	3	4	5	6	7	8	9	10	11	12	13
Madras.	305.38 (46)	0.68	244.52 (11)	0.50	104.24 (17)	3.00	98.18 (7)	2.84	260.90 (7)	0.73	300.85 (3)	.53
Mysore.	183.11 (86)	1.49	160.88 (31)	2.22	162.11 (6)	1.06	149.60 (4)	2.16	148.67 (110)	1.77	167.41 (76)	1.77
Coorg.	122.62 (22)	4.03	263.49 (3)	1.60	81.76 (26)	2.89	108.53 (5)	2.84	131.29 (42)	2.63	103.59 (27)	4.29
T. C. State.	50.00 (5)	1.06	303.33 (1)	0.11	49.25 (93)	1.12	80.00 (2)	1·25	58.04 (2)	1.14	...	...
All India.	234.35 (159)	1.27	175.94 (46)	1.62	87.22 (142)	2.31	110.61 (18)	2.67	142.30 (161)	2.00	136.65 (106)	2.45

Note:— The figures in brackets are the number of estates analysed.

For the various regions put together the costs of production in rupees per cwt. are shown below :—

TABLE LI.

Type of crop.	Estates of	
	Less than 25 acres	25 acres and above
Arabica	234.35	175.94
Robusta	87.22	100.61
Mixed Arabica and Robusta	142.30	136.65

Region-wise figures of costs of production show considerable variations. The costs per cwt. vary from Rs. 50/- in T.C. State to Rs. 305 in Madras for Arabica coffee and Rs. 49 in T. C. State to Rs. 195 in Mysore for Robusta coffee per cwt. Cost of production figures as shown for small holders below 25 acres cannot be fully depended upon ; in Madras the cost of Arabica for this class is shown at the unbelievably high figure of Rs. 305 per cwt. The cost of production figures for estates between 25 and 100 acres appear to be comparatively more dependable. In view of the lack of dependability of these figures, we have not tried to draw any definite conclusions from this analysis.

Conclusions and recommendations

16. Our analysis of costs of production for Arabica, Robusta an mixed Arabica and Robusta estates shows that the costs have been rising since 1950. Cultivation charges and general charges show considerable increases. During the years 1950-53, costs have increased more in certain regions like Mysore and Coorg than in Madras. These higer costs lead to the fixation of higher basic release prices by the Coffee Board, and due to the sheltered market for our coffee, these higher costs have a tendency to be passed on to the Indian consumer in the shape of higher selling prices. In view of this, it is very necessary to estimate costs of production of various types of coffee in a most scientific manner under the aegis of an independent expert agency. We recommend that such an agency should be brought into existence at an early data 9 (Please see chapter X, Marketing-Primary Sales, for further details). This agency, with the help of experienced coffee planters and Chartered Accountants, should standardise forms for costs of production returns by various estates. Such forms will ensure more uniformity and better comparability of costs of production data.

The recent trends in costs of production of various types of coffee indicate the need for reduction in costs wherever possible without loss of efficiency. We are recommending in the chapter on Expansion and Development that the Coffee Board should be empowered to examine cases of disproportionately high remunerations paid to managerial and other senior staff in coffee companies, and where necessary advise them to reduce such expenses.

Foot-note:—Extracts from the Report on the Cost of Production of *Coffee by* the Government Cost Accountant are given below:—

......The common expenditure incurred by Head Office are inclusive of salaries, depreciation, etc., and are allocated on the basis of the acreage in the various estates both of coffee and other crops. The company wanted to allocate less to other crops and suggested that one acre of other crops should be taken as one-third acre of coffee. This has, however, not been accepted as the Head Office renders common service to all the various crops.........

......In the case of salaries, the practice of the company is to debit to various estates a fixed sum for every covenanted European employed on the estate, but the actual expenditure has been taken in our calculation of costs.........

......The procedure followed for financing the estate is that advances are made to the mistries or writer from time to time and the proprietor, it is said satisfied himself that the sum advanced has been expended before granting further advances. No account is submitted by the mistries or the writer in writing, and as such, the details of the expenditure booked are not available. It was further noticed that in some cases purchases of household items were also included in the expense book and it is quite likely that similar items have been included in the estate expenditure in some other cases also.........

......It was also noticed that purchases of food-grains were included in the expense book but the sale proceeds thereof were not included.........

......From the nature of accounts maintained, it is obvious that no separate account of the expenditure on mature and immature acreage would be available.......

......This estate is being managed by X on a fixed remuneration of Rs. 2000/- per annum. This would appear to be high in view of the fact that he does not reside on the estate but visits it only occasionally. In the cost statement this amount has, however, been included under salaries and allowances. The high cost in this estate appears to be mainly due to the particularly low yield in the estate..........

......The cost of gathering is unduely low in this estate and is probably due to part of the gathering labour having been left under cultivation expenses, on account of want of proper details. Upkeep expenses in this estate include an expenditure of Rs. 2,000/- to Rs. 3,000/- as car expenses, which is approximately 50% of the total upkeep expenses.........

......Judging from the statistics maintained by the Indian Coffee Board, it would appear that the acreages of Robusta and Arabica given to the Coffee Board are incorrect, (though the total acreage under coffee (both crops) might be correct.).........

......This is a low yielding estate. The six-yearly average yield in the different years varies from 1.5 to 1.7 cwt. per acre. Manuring is not carried out to any great extent and no spraying has been done in these years. Most of the labourers of this estate are casual labourers—the permanent labourers being only 11 in 1953 against 43 casual labourers...... ..

......No new clearing was brought into existence. It is said that filling of vacancies on a large scale has been carried out and the expenses in respect of this is merged in the various items of cost, and could not be separated. This will have an effect on the yield figures, but as the measure of renovation could not be ascertained, no adjustment has been made in this respect.........

CHAPTER VII.

HIGHER PRODUCTIVITY AND LABOUR

The Research Department of the Coffee Board in their observations on our questionnaire drew attention to the serious situation in the industry in the following words:—

Introductory.

"Not more than 30% of the total population of coffee in any particular zone is of the good pedigree productive category, the balance of 30% of indifferent order, and the remaining 40% being practically valueless."

As regards the urgency of improved practices, the same department referred to the need for

"increased application of manures and fertilisers and protective operations like spraying and use of insecticides against fungoidal diseases and pests and regularisation of shade and use of disease-resistant plant material." It was also represented that "little could be done by the extension service when an estate was borer-ridden, over-run with grass, and supplies were planted with bent-tap roots."

Poor soils and old trees needed individual and special treatment. Also, different kinds of coffee and different regions required different treatment in respect of planting, spacing, shading, pruning, and harvesting and preparation for the market. Nurseries required close attention.

In the following paragraphs the manual and technical skills needed in the production and preparation of coffee for the market are referred to in broad outline. Want of knowledge or indifference to apply modern processes in special situations will affect both the plant and the crop.

Polyculture.

2. Polyculture is generally practised by small growers as well as big companies. Food crops, cardamum and oranges are sometimes raised in areas adjoining coffee lands. The coffee-grower, the supervisory staff and labourers should therefore be trained in the raising of these other crops. If animal husbandry and poultry-rearing are added as supplementary occupations, the need for training in these directions will be equally necessary.

Technique of improved practices.

3. A plantation worker should know how to use spray chemicals and insecticides. When weeding is done with a heavy hoe and more times than necessary, it affects soil fertility and brings about soil erosion. Improper pruning may, instead of increasing the production of berries, increase the growth of wood.

The use of overhead irrigation has recently been introduced in one of the large estates to meet the scarcity of rainfall. This is a new technique which requires a specially trained staff. The application of manures and the kinds of manures used, varied for different soils and trees. Coffee trees became bad because they were planted in unsuitable soils, the soil was allowed to be washed away; bad seedlings were planted badly or not attended to in early stages, or, were badly pruned, or the shade was not regulated.

4. Picking requires skill. Picking of green berries along with ripe fruits is common. Strippings and picked berries are often mixed together. Want of selective picking affects the quality of the cherries.

Selective picking.

5. From the stage of picking up to that of sale of cherry flats and washed coffee (plantation), great care has to be devoted to prepare the coffee for the market. In Haïti, picking of green berries and pounding of coffee in the imperfectly dried state, are forbidden by law. Also, planters are obliged in Haiti by law to adopt all necessary practices of good management.*

Preparation for the market.

Even the high value of well-grown coffee may be lost by indifferent preparation for the market. Many producers process their coffee, not from the point of view of the needs of the market but by the dry method, owing to want of resources to make washed coffee. Drying of all the cherries without proper sifting resulted in cherry flats of poor quality. Also, when cherries were despatched to curing houses, in distant centres, the producer lost the coffee pulp which was good manure for the crop.

The making of plantation coffee involved skilled processes in pulping, fermenting, washing, and drying. Hulling and dehusking were also special processes. The operation of pulping and husking machines required technical personnel.

6. Blending of different beans is done at present only to a little extent in India. The care devoted to preparation of the raw product may be lost owing to improper blending. Blenders may change the blends to poorer varieties when prices are high and the consumer may not notice it. Unless the brand of the packaged coffee powder is prepared properly, mere attention to production and processing may not achieve good coffee in the cup.

Blending.

7. The above sketch of the various problems of production and processing from the point of view of skills required has been drawn just to indicate the need for trained personnel for the expansion of the coffee industry. Extension service may be highly qualified, and finance and equipment may be made available but the personnel in all the different layers of employment—the manager, the supervisor, and the working labourer—should all be properly recruited and trained, if they are to take advantage of technical assistance and other aids. The small holder, too, needs continuous education. The underprivileged class of labour subject to age-long insecurity of employment, and a few among the ignorant hill-tribes were the nucleus for recruitment to the coffee industry. These workers have yet to receive the necessary basic education to share in the responsibilities of production. The problem of their education and training is of great importance for the future development of the industry. Recommendations have already been made regarding personnel training in the case of tea. While in tea the area held by small

Need for training

Note :—* "The Columbia Coffee Federation provided seeds and fertilisers at costs, constructed farm houses, roads and rural water systems. It encouraged the establishment of several experimental stations and schools for young planters and stimulated the formation of planters' co-opeartive associations."

"In Haiti small hand operated pulping and husking machines have been imported. Nursery plants are distributed."

"In the Dominican Republic the Coffee Commission has power to establish new mills or improve those already existing." (World Coffee FAO)

"An agricultural school for young coffee farmers has graduated hundreds of ambitious students from the farms of Columbia as well as from other coffee producing countries."
(Brown G.ld).

holders is negligible, it forms a substantial part in coffee. Also, there were more individual proprietors in coffee whose managerial staff required much improvement. The company type of management which usually helped the growth of a skilled managerial staff did not manage a substantial portion of lands under coffee. The Coorg Government has suggested recruitment of young planters for development of new coffee lands which according to them, would also to some extent mitigate the problem of unemployment in the state. Coffee estates maintained a category of staff called writers who supervised labour. It was represented that recruitment of licentiates in agriculture as writers would supply the necessary personnel for spread of improved practices. The problem is one of right recruitment and right training, not of one layer of staff alone, but the managerial, the supervisory and the technical and manual workers. Also the small holder and the medium proprietor equally needed training.

Composition of labour

8. In Malnad (Mysore) labour mainly came before the war from South Kanara. After completing transplantation of paddy in their native places (Kasergod), they came up the ghats to the estates and returned home once a year after completing picking of coffee berries. This is gradually being replaced by labour from Tamil districts which recently migrated to these regions owing to distress conditions in the Tamil districts between 1950-53. Unlike labour from South Kanara, the new labour from Tamil districts, therefore, needed more training. The number of non-working dependents which they brought along with them was large. They tended to become settled garden labour as they had no home to return to in the off-season. Some labourers from Tamil districts are however returning of late, to their native districts owing to better rains in the plains.

The problem of dearth of labour has been solved to a great extent by the labour from Tamil districts. But as represented by one of the important estates of Mysore,

> "while in prewar days labourers lived in their own houses in surrounding villages, it is to-day necessary to provide them housing on the estates."

The existence of hill tribes in certain coffee regions helped to some extent, their recruitment on low wages as casual labour. They were sometimes engaged in the Nilgiris on contract rates for work throughout the year. The proportion of labourers from hill tribes was however small.

Efficiency suffered as a result of recruitment of certain classes of untrained labour. One of the estates in Nilgiris represented

> "As far as we can see the problem for the future is to restrict supply and ensure efficiency .....Some method of selection should be undertaken to ensure that new entrants are suitable for and capable of the task actually assigned to them on plantations."

The kind of labour that migrated to coffee-estates did not always represent the more efficient peasant communities of the south. They were the surplus labour which could not find employment in the plains; or they were the landless who could not get work in years of scarcity of rainfall. Employment in coffee estates is not steady. Labour legislation has not been so effective as in tea in creating a permanent labour force entitled to proper wages and amenities. The period when employment is slack is longer in coffee than that in tea. The need for supplementary occupation is therefore greater in coffee growing than in tea. The problems of sound recruitment and training of labour need greater attention.

9. Much attention has not been devoted to the recruitment of labour in the coffee industry for various reasons. Recruitment through labour contractors still prevails in Mysore and Coorg. Coffee does not require as much labour as tea. Labour is available in plenty from the plains. New entrants are increasing. Efficiency decreased with an increase in labour unaccustomed to work in coffee estates.

Recruitment

Coffee producers should be given every encouragement to form an association to recruit labour in every region.

•It has been represented that some small producers suffer for want of their own labour force as they could not meet the cost of recruitment. They sometimes depend on the big companies who allowed their labour to help the small producers after completing their work. They had to pay high for this labour. The small producers therefore should have effective representation in these associations. The association should work under the auspices of the Coffee Board.

10. In Annexure XIV are given figures of attendance of labour as compared to total labour employed. The difference between total labour employed and the total that attended might be due to various causes such as legitimate absence, closure of the concern on certain days and to irregular absence. Absenteeism cannot be measured from these figures. Between 1951 and 1954, the 'difference' in percentage between the total employed and total attended was more or less steady in Madras. In Mysore, there was a sudden fall from 19.69% to 15.11%. In Coorg, there was a fall from 26.46% to 23.12%. These are indications of better labour attendance. Between Madras and Mysore there was not much regional variation in 1954; it was 23.12% in Coorg, which was a high percentage about 7% more than in Madras and Mysore.

Percentage of attendance of labour in proportion to total labour.

Management-wise figures for 1954 showed considerable variations. Non-Indian companies (Partly Indian) show a difference in percentage between the total employed and the total attended of 18.7% and Indian proprietary concerns 22.39, Indian companies 11.14, and Non-Indian proprietary concerns 13.96. A larger difference than 14 or 15 should be considered high, which was the case with partly-Indian and Indian proprietary concerns.

On the whole there is a general fall in the 'difference' between 1952 and 1954 for all managements from 19.24 in 1952 to 17.23 in 1954. But it is slightly higher than the difference in 1951. Non-Indian companies, Partly Indian companies, and Indian proprietary concerns should take steps to reduce the absenteeism of workers.

11. The following figures are extracted from the annual report of the Coffee Board for 1954-55.

Permanent and temporary labour

Daily average number employed [permanent and temporary]

Region	1950–51	1951–52	1952–53
1	2	3	4
Madras	75,384	54,823	66,620
Coorg	30,377	26,228	31,573
Mysore	65,882	66,640	66,640
Travancore-Cochin	3,441	3,459	3,499

The above figures show wide variation in Madras in the number employed between 1951 and 1953. The variation in Mysore and Travancore-Cochin was negligible while it was small in Coorg. Variations in production influence the number employed.

If only the number of daily average permanent labour were compared, the following were the variations.

Daily average permanent labour

Region	1948-49	1950-51	1951-52	1952-53
1	2	3	4	5
Madras	36,313	48,450	39,379	40,105
Coorg	11,623	22,218	18,941	22,036
Mysore	47,785	42,543	43,542	43,542
Travancore-Cochin	2,261	2,692	2,938	2,938

Madras and Coorg show a rise in the permanent labour employed in 1952-53 compared with 1948-49 while Mysore shows a fall. Madras also shows a large reduction under the permanent labour force as between 1951 and 1952. As compared with 1948-49, there was a slight rise in 1952-53 in permanent labour force in Madras and a noticeable rise in Coorg while in Mysore there was a small fall.

Labour per acre.

12. The figures collected by us for labour employed per acre are given in the Annexure XV. Labour (permanent and temporary) employed per acre in 1954 was 0.74 in Madras, 0.61 in Mysore, and 0.77 in Coorg. The figures for Travancore are omitted as the coverage was only for 2 concerns. The average permanent labour, excluding temporary, per acre was 0.70 in Madras, 0.61 in Mysore and 0.77 in Coorg. The figures also show that more permanent labour was employed in Coorg and Madras than in Mysore. As compared to Madras, Mysore employed nine less per 100 acres. It employed 16 less than Coorg per 100 acres.

The management-wise comparison gives certain interesting facts. Taking for comparison only (1) partly Non-Indian companies (2) Indian companies and (3) Indian proprietary and partnership concerns which reported a larger coverage than others, in Madras State it is noticed that the first group employed more labour (temporary and permanent) per acre, the second a little less, and the last the smallest number per acre. One labourer was maintained for every 3 acres by proprietary concerns, as against 3½ labourers for every 3 acres by partly Non-Indian companies, and one and a half labourers for every 3 acres by Indian companies.

The annual administration report of the Coffee Board gives the following figures of labour per acre.

Year	Total Acreage	Total labour employed	Labour per acre
1	2	3	4
1950–51	2,30,000	1,75,000	0.76
1951–52	2,35,000	1,50,000	0.64
1952–53	2,40,000	1,68,305	0.70

Averages give a rather misleading figure of the labour employed per acre. Where the yield is high, the costs and profits are high and the number employed per acre is equally high. In an estate in Coorg having 296 acres, giving a yield of not less than 6 cwts. per acre, even in lean years the costs of cultivation varied widely between 1950 and 1953. It was Rs. 454 per acre in 1950, Rs. 600 in 1951, Rs. 686 in 1952 and Rs. 900 in 1953. The average cost for the 4 years was Rs. 660 per acre. The Income from coffee for 6 cwts. was about Rs. 1,000. In estates of this type, the number of labour employed was high. This estate employed 400 labourers giving an average of 1.35 labourer per acre.

Temporary labour

13. The magnitude of the problem of temporary labour was greater in coffee than in tea. The peak season of plucking was more spread out in tea as it was a leaf crop while the season of picking berries was only for a short period during the year. The employer therefore, maintained the minimum labour force which could be given work also in the slack season and depended on temporary labour for the peak period. Table LII shows the percentage of temporary to total labour.

Conclusion

14. The percentage of temporary labour was high. To conclude, the number of permanent labour force which was settled in the estates is not steady. With the achievement of a higher yield which could cover costs, permanent labour force may increase in numbers. Labour per acre will increase with more production. As regards temporary labour, with the enforcement of a slightly higher wage than the minimum, so as to include the cost of amenities which resident labour got from the estates, employers will feel more inclined to reduce their number and rely more on permanent labour.

Under-employment in coffee estates

15. The seasonal character of the coffee industry often necessitated laying off of workers for about 4 to 6 weeks in a year. In addition, in years of low yields, retrenchment also became necessary. In Coorg the lay off period ranged from 16 days to a month. One Planters' Association stated that they were against the principle of 'last in, first out' in case of retrenchment, as thereby estates might be denuded of young workers and left only with old ones. As some coffee estates have no casual labour readily available to engage and thus reduce the permanent labour force, the latter have to be paid during the slack season (middle of March to May) which adds to labour costs. In some other estates labour force are reduced owing to the availability of casual labour to take their place. One of the estates represented as follows :—

TABLE LII.

Table showing the percentage of temporary labour to total labour

Year	Percentage in the different regions								
	Madras			Coorg			Mysore		
	Total labour	Temporary labour	Percentage	Total labour	Temporary labour	Percentage	Total labour	Temporary labour	Percentage
1	2	3	4	5	6	7	8	9	10
1948–49	59,721	23,408	40	17,364	5,741	33	78,897	31,102	40
1949–50	73,201	24,747	34	23,617	6,081	26	77 884	30,819	40
1950–51	75,384	26,934	36	30,377	8,159	27	65,882	23,339	35
1951–52	54,823	15,466	30	26,288	7,287	28	66,640	23,098	35
1952–53	66,620	26,515	40	31,573	9,537	30	...	...	...

"The labour force has been adjusted now to a lower level to avoid the need for lay-off. This is a handicap to efficient working but so long as pool of local labour is available it will be workable; and preferable to spending money on compensation to idle workers which could be spent more profitably in employing actual workers at times there is work. Coffee is seasonal as is all agriculture, but the plantation industry is the only form of agriculture where this is not unfortunately recognised."

One of the estates in Mysore reported that workers were laid off in 1950 for 21 days, in 1951 for 23 days, in 1952 for 59 days and in 1953 for 24 days.

This estate said:—

"One month after termination of the season labour goes to collect firewood and make friendly visits. At blossom shower period which usually coincides with the time of annual settlement, labour is not expected to turn out for work for 15 days or a month."

We were told that in Shevaroys workers were laid off from 15th April to 1st June without pay, by mutual adjustment between labour and employers. Lay-off compensation was thus avoided by treating the period as voluntary absence from work by labour.

Compensation for lay-off has been introduced since 1954 by bringing the coffee industry under the Industrial Disputes Act. The Act applied only to estates which engaged 50 workers and more. It was a welcome provision as it assured a permanent wage for labourers who could not be given work in the off-season. But the consequence of the provision involved a reduction in permanent labour and a greater reliance on casual labour. Also estates have reduced their financial commitment by combining the provision of leave with pay with that for payment of compensation for the lay-off period. One estate represented:—

"most of the estates have taken the opportunity to send their labour off on annual leave so that the gap during which lay-off compensation is payable is reduced."

This is an attempt to reduce liability for payment of compensation for lay-off which is a responsibility of employers. The problem however is intricate and compensation for lay-off is only a palliative. Coffee growers should have second lines to their main industry which would not only, give full employment to labour but also help to balance their variable incomes from coffee.

Another difficulty which coffee estates experienced was in giving work for all the days in a week. Ordinarily Robusta cultivation did not give work for all the six days in the week. In Shevaroys, labour got work for 4 or 5 days in the week during certain months. Six days' work was available only during the plucking season.

Connected with this question of under-employment was that of annual leave with pay. The combination of annual leave with pay with the period of lay-off reduced somewhat the liability of the employer to pay compensation for lay-off. Certain estate owners were not also willing to grant annual leave with pay. It was represented that in some areas they evaded this statutory provision by working their estates less number of days than the minimum (240 days) required to earn annual leave. In such cases the workers should be entitled to proportionate annual leave.

The enforcement of payment of wages by employers for days when no work was available was no doubt justifiable from the point of view of labour. But it did not solve the problem of under-employment in seasonal industries. The problem of under-employment had assumed a more serious proportion

with the decline in the immigration of labour from South Kanara. Agriculture provided the supplementary occupation for the latter and thus cushioned the effects of under-employment in coffee.

> "Labourers who did regular farm work in their villages went to the plantations after cultivating their farms in July or August and invariably returned for harvesting in September. After the harvest they again returned to their respective estates. A large majority went to estates in Coorg mostly of coffee. The remaining went to Kadur-Chikmagalur estates in Mysore State. Hardly 20 % of the labourers under enquiry were found to have been taking their families with them to the plantations." (Depressed Classes of S. Kanara. Dr, R. G. Kakade—Servants of India Society, 1948.)

The replacement of this seasonal labour from South Kanara by permanent labour from Tamil districts in Mysore and Coorg meant a greater responsibility for the employer to provide work in the slack season. This is a large problem the solution of which can be found only in the provision of remunerative occupation which will keep labour usefully employed in slack periods. The estate has a great responsibility in the matter. Until the problem is satisfactorily solved, the extra labour charges paid during ideal periods will ultimately go to swell the consumer prices.

The State Governments and the Coffee Board therefore should give a high priority to a plan of organising supplementary employments as ancilliaries of the coffee industry.

Minimum wage. 16. Minimum wage varies at present as follows between different states.

in Rs.

Region	Men	Women.	Children.
1	2	3	4
Mysore	1-0-0	0-13-0	0-9-0
Coorg	1-2-9	0-14-0	0-9-3
Travancore-Cochin.	1-9-6	1-3-3	0-12-9
Madras*	Grade I Rs. 1-5-0	Grade II Rs. 1-0-0	Children Rs. 0-10-6

A basic price is fixed at present for the coffee-grower by the Coffee Board. Wages formed a substantial part of this cost. If wages differed from one state to another, the costs too must differ. But the price was fixed on the basis of costs which included a certain average wage for all the states. The above Table indicated that wages differed between 17% and 60% for men and 8% and 50% for women in different states over the wages in Mysore. Hence growers in states which paid a lesser wage are in an advantageous position compared with the others.

Note :—*In coffee estates in Madras most workers were classified as second grade workers.

Uniformity in wages in different states is necessary from many points of view. Differential wages lead to labour disputes for a higher wage in states where it is lower. When the basic price for coffee is sanctioned by the Government on the basis of costs, differential wages result in different costs and affect the determination of a fair basic price. Producers in one state benefit or lose as against those in another as a result of differential wage.

In coffee the basic price is fixed with the approval of the Ministry of Commerce and Industries on the basis of costs of production. Wages form an important element of costs of production. In the circumstances State Governments in fixing wages for labour should act in close consultation with this Ministry.

Labour welfare.

17. As coffee is mostly grown in remote upland hilly areas, labour had great difficulty in making its purchases of their essential requirements. Petty shop keepers sold essential articles at high price. To remedy this situation, the coffee Board should encourage the formation of co-operative supply stores for coffee estate labour.

The whole state of Coorg is included under community projects. The works undertaken by the latter such as roads, dispensaries and schools will help coffee estates in the promotion of labour welfare. General social services of State Governments have therefore an important place in labour welfare for plantations.

Coorg set an example as to how coffee estates and the Government could combine their resources for providing schools and hospitals the administration of which could be carried on by the State Governments. Planters in Coorg who have not provided medical facilities contributed to the district board at the rate of 9 annas per acre or paid the cost of medicines issued to their workers from the dispensaries of the district board. They also contributed funds to the building of hospitals.

The U. P. A. S. I. submitted certain figures of expenditure on medical relief before the Madras tribunal. They showed that there were variations in such expenditure from estate to estate. Privately owned estates spent, for 1949-52, Rs. 16-1-5 per worker while small companies spent Rs. 13-15-6 and companies owning more than 1,000 acres Rs. 19-2-0. The number of beds maintained were greater in the latter companies. More workers attended their dispensaries while the number who attended in the case of smaller companies was small. The recommendations we have made in the chapter on Plantation Labour Act in the first part of our report relating to tea will apply also to coffee. These are given in a later para.

The Plantation Labour Act.

18. Owing to lack of sufficient data we have not been able to assess the financial effect of the implementation of the Plantation labour Act on coffee as we have attempted in the case of tea. The working of the Plantation Labour Act would entail according to the Coffee Board a daily recurring expenditure of Rs. 1-5-4½ and a capital expenditure of Rs. 4-14-1 per worker, on the basis of 220 working days and 225 workers per 300 acres.

The Board calculated the increase in cost of production per cwt. as follows:—

Table showing increase in cost of production of coffee under different production averages

Production per acre in cwts.	Increase in cost of production per cwt. in Rs.
1	2
1.5	146-11-2
2.0	110- 0-5
2.5	88- 0-4
3.0	73- 5-7
3.5	62-13-11
4.0	55- 0- 2

On the basis of these calculations the Board concluded:—

'It is beyond the capacity of the industry to bear the heavy expenditure without a corresponding increase of basic price which will raise the cost of coffee to the consumer in India by 10-11 annas per lb. and which will tend to make Indian coffee uncompetitive in price in foreign markets. In this calculation the average yield has been taken as 3 cwts. per acre which can apply only to well-managed estates in favourable localities."

The Director of Research Department of the Coffee Board has calculated the cost as follows:—

I.

Increase on account of wages, etc.	Increase percentage
1	2
Wages and Dearness Allowance	66
Bonus	20
Paid holidays	15
Maternity leave allowance	5
Increase over present rate	105

II.

Facilities for adults.	Increase in value per head (in Rs.)
1	2
Medical	15-0-0
Warm clothing	35-0-0
Total	50-0-0

III.

Facilities for children	Increase in value per head (in Rs.)
1	2
Creches, food and milk	80-0-0
Education	10-0-0
Recreation	10-0-0
Total	100-0-0

The Director concluded as follows:—

"The additional expenditure under the Plantation Labour Act will mean the doubling of costs on wages alone apart from an increase for medical and other facilities at Rs. 50 per head for an adult and Rs. 100 per head for adolescents and minors. Calculating on a labour force of 100 consisting of 60 adults and 40 minors with 30 children in arms or not fit for work, the increase in cost of production would work out, roughly, to Rs. 240 per acre."

The Coorg Governmet said:—

"It is modestly estimated that it might go up by Re. 1 per worker per day in the case of large establishments."

It has not been possible for us to assess the accuracy of these estimates. In the absence of full data it has not been possible for us to find out definitely as to whether the coffee industry is in position to implement all the provisions of the P. L. Act within a short period of time. However in view of the fact that income per acre in coffee is less than that for tea, the phasing of the programme for capital expenditure may have to proceed at a slower rate. On the basis of the data available with us and in view of certain recommendations made by us in earlier chapters, the following Table has been prepared. This will indicate the availability of funds for implementing the scheme of replanting and the Plantation Labour Act. This is based on the study of the balance sheets of 19 companies covering 18,328 acres. The annual average amount set apart as reserves between 1950 and 1953 may be available for this purpose on the assumption that the same level of profits is maintained in the future.

Table showing funds available.

	(in Rs. per acre)
Average amount set apart as Reserves.	117.80
Deduct Replanting fund for the future per acre-2½% of area at Rs. 1,500/- per acre to be replanted.	37.50
Deduct export surplus to be taken to a Reserve (Vide note).	26.00
Balance.	54.30

More funds will be available if dividends and Managing Agency commission are reduced. There is scope for reduction under these heads and we are of the view that necessary reduction should be made. Also there is scope for reducing capital cost on building construction (houses, creches, hospitals, etc.) if locally available and cheap materials are used for the purpose to the largest extent possible as we have recommended in our report on Tea.

This calculation does not take into account the costs for rapid replanting in order to make up the arrears of previous neglect to replant and restore them to their normal health. We expect that companies and other concerns would be able to meet this cost out of their own working funds which amounted on an average to Rs. 600 per acre. But there may be companies who may have to borrow for replanting and for their working capital. In their case the profits will go down as interest charges will be an additional item of expenditure for them. According to the United Planter's Association of Southern India figures, the extra recurring cost per worker would amount to Rs. 136-11-6 per year. Also necessary reserves will have to be maintained by the industry. Hence this limited availability of internal resources will have to be taken into consideration in phasing the programme of capital expenditure under the Plantation Labour Act. When once the replanting programme has been speeded up, ample funds for capital expenditure enjoined by the Plantation Labour Act would be available. In this connection one fact about the Indian coffee industry should not be forgotten. Its fortunes are not dependent on a competitive international market to the same extent as tea. If recurring and capital expenditure for welfare cannot still be met after the proposed reductions in dividends and commissions above mentioned, it will have to be passed on to the consumer. Coffee being a controlled commodity sold on the basis of a basic release price determined by the Coffee Board, it may have to be increased if labour costs go up.

We have referred in the chapter on Plantation Labour Act and Labour Welfare in our report on Tea to certain principles and policies. These have an equal application to the coffee industry. They are detailed below:—

"Sometimes we have to put up even with slums because we have to do something else first. I believe in Germany where they have made tremendous progress; they have been concentrating mainly on the factories; they continue

Note:—An examination of the figures furnished by the Coffee Board illustrating the new formula for fixing the differential scale for final payment to growers shows that an export 'surplus' (i. e. an excess of export realisation over internal price levels) of Rs. 17,25,885 has been brought into the pool for a total export of 65,714 cwts. of Arabica or a sum of Rs. 26.1 per cwt. Exports for 1953-54 amounted to 8,526 tons Arabica out of a total of 22,493 tons of Arabica production i. e. 33%. One third of production may therefore be taken as exported. As an acre yielded on the average 3 cwts., 1 cwt. alone should therefore be taken as exported per acre. Surplus per acre out of export will therefore amount to Rs. 26. As under our proposals this surplus will be set apart as reserves, the profits of a company will be reduced to this extent. This figure is shown as a new item of expenditure in the table.

to live in bad houses but they built up their factories." (Prime Minister—7th January, 1956, at the meeting of the Standing Committee of the National Development Council).

We think that a reduction in cost may be possible if suitable locally procurable building material could be used wherever possible; timber, brick and lime mortar could be substituted for cement and steel. In hot and damp regions a thatched house, provided it is well constructed and damp wet-proof, may be suitable.

One of the reasons advanced for the slow progress of housing construction was the difficulty of getting cement and steel in sufficient quantities. These matters will be considered by the advisory committees to be set up under the Plantation Labour Rules and we do hope that these committees and the State Governments will keep in view the felt needs of the workers in each region and the availability of materials both from regional as well as national points of view. These limitations should also be kept in view in respect of other constructions as creches, canteens, hospitals and school buildings.

Considering the magnitude of capital expenditure it will have to be discussed with the planning authorities in the country and correlated to other capital expenditure, so that national plans are in no way prejudiced for want of co-ordinated policies.

We agree with Dr. Jones' view that what is required is not so much large specialist hospitals as measures that would help in securing for the workers efficient sanitation and a balanced diet which will give them increased stamina and resistance to disease.

We hope the State Governments concerned will examine the necessity of group hospitals with respect to the needs of each region in the light of alternative arrangements that can be made and grant exemptions if and where necessary.

The availability of funds for the implementation of the Plantation Labour Act will have to be considered along with that of replanting and other funds and for necessary finance for implementing other recommendations made by us and the burden of additional taxation, if any.

We recommend that Government loans should be made available to the plantation industry at rates of interest and terms of repayment as available to other industries under the Industrial Housing Scheme.

Local authorities should not levy any rates or taxes on plantations in respect of conservancy lighting etc. unless they are in a position to provide these services in a satisfactory manner.

Wherever the employers have to provide for the maintenance of civic services such as conservancy, water-supply, etc., it would be desirable to manage these through committees on which workers are adequately represented. The maintenance of canteens may also be delegated to the same committee with advantage.

A Plantation Labour Welfare Organisation may be instituted. It should be controlled by the Government of India. The revenues should come through suitable levies on plantations. This organisation may take the assistance wherever necessary, of the agency of employers or any other suitable agencies—governmental or otherwise—for provisions of amentities. In all such cases the organisation will grant necessary rebates to the employers or sanction adequate funds for subsidies to labour committees.

In the event of an estate being brought to sale before the phased programme of implementation is completed, we recommend that the State Govern-

ment should assess the undischarged liability of the seller in regard to his obligations under the Plantation Labour Act and recover such amounts as may be necessary for this purpose from the seller before registering the sale.

Supervision of labour.

19. The system of 'Kanganis' and 'Writers' who were the intermediaries through whom labour was paid its wages etc. continued in certain estates in Mysore and Coorg. Labour representatives complained of leakages in payments to labour, particularly maternity benefits. As labour freely immigrated without the help of 'Kanganis' and 'Writers' there was no need to continue this system.

Labour in curing houses.

20. Certain curing houses did not come under the Factory Act. Minimum wages do not apply to them. Labour, mainly women, is engaged on piece rates. It is paid on outturn in Mysore at the rate of one rupee per cwt. and if the work is not finished in a day, the wage is paid the next day on completion of the work. While the small holder comes under the minimum wage notification, big curing houses do not. Minimum wages should equally apply to curing houses.

Industrial relations.

As labour laws relating to wages and industrial relations are common for all industries, the recommendations made in respect of tea will also apply for the coffee industry. The Annexure XV-A 1 2, 3 & 4 give some extracts of evidence and figures relating to the state of industrial relations in the coffee plantations industry.

(1) Extracts of evidence of the Coorg Planters Association (Annexure XV-A 1).

(2) Statistics of works stoppages (Annexure XV-A 2).

(3) Industrial disputes (Annexure XV-A 3).

(4) Conciliation and tribunals (Annexure XV-A 4).

There is no registered trade union in Mysore in coffee industry. Trade unions in the Madras State comprise both tea and coffee industries except in the Shevaroys.

CHAPTER VIII.

TRANSPORT AND SUPPLIES.

Transport.

The produce from coffee estates is delivered by big growers to Pool Agents of their choice. They make their own arrangements for transport of their Coffee. The common mode of transport is by lorry. The small grower delivers his coffee to the nearest Pool Depot or Pool Agent in "bullock cart, headloads or on donkeys". In all cases, growers have to pay transport charges up to the Pool Depot or the Pool Agents' yard. The transport of coffee from the Pool Depot to the Pool Centre is the responsibility of the Coffee Board.

One common difficulty brought to our notice in the matter of transport is lack of proper approach roads and communications in certain areas. The condition of roads being bad, lorry owners demand a higher rate to cover the increased wear and tear of the vehicles. Double taxation on motor vehicles plying between two states is an additional burden which is passed on the producer by increased haulage rates. Since the supplies required to keep the industry working such as fertiliser, machinery, agricultural implements etc., are also carried by roads, bad condition of the roads is stated to be the one serious handicap in getting adequate supplies to the estates at the proper time. Many of the estates are cut off from any form of road transport during the rainy season. It was repeatedly mentioned to us that while State Governments are keen to profit by imposition of sales-tax and agricultural income-tax, they do not contribute in any form to the development of the Industry. We recommend that State Governments should take urgent measures to improve road communications in coffee regions.

Bottlenecks in supplies.

2. Coffee estates need for their normal working a wide variety of materials such as fertilisers insecticides, spraying equipment, hose pipes, tools such as mamothies, axes, forks, crowbars, building materials such as tiles, cement, bricks, machinery such as pulper, huller, oil engines, and other stores like fuel oil, small tools, G. I. pipe, wire nettings, coir matting etc. Many difficulties have been brought to our notice in regard to obtaining adequate supplies of these materials. They are summarised below:—

> "Difficulties in obtaining zinc sheets, building materials, implements etc.—Delay in deliveries owing to booking restrictions on railways—Under the protection given by government to indigenous manufacturers, the latter claim the maximum value for a 'poorly carelessly made article such as, steel, tools and rubber hose, piping—Lorry transport made expensive by being heavily taxed and owing to unnecessary restrictions in plying them estate to estate—mamothies, felling axes, forks and quintanies of poor temper that cannot stand upto work—tendency on the part of government to exclude the import of the large high-powered motor car in order to boost the small car—Lack of inadequate supplies of spare parts for machinery (pulpers, sprayers, prime movers etc.) —Good quality spray hose in suitable lengths and sufficiently high bursting points not readily available and native hose not upto standard—Difficulty in getting urea which would occupy less space in railway wagons and thereby save transport charges".

A number of estates have brought to our notice difficulties caused by restriction on the import of certain types of agricultural implements, estate machinery and their spares. The substance of the complaints is that some of the articles whose import is restricted on the ground that articles of indigenous manufacture are available, do not come up to the standard of imported articles. The enforcement of the use of locally maunfactured articles in the place of imported articles throws a responsibility on the government, to see that production standards of local manufacturers are improved and that no estate suffers because of lack of equipments of adequate quality.

Rail transport

3. Difficulties of rail booking and availability of wagon space mentioned by some planters are inherent in a situation when a limited rail transport system has to bear the strain of a developing economy.

Recommendations

4. We have stated in an earlier chapter that estate supplies are generally being arranged by the curers and sometimes the loans granted to growers are in the form of supplies. This combination of the functions of supply and credit is a peculiar feature of the coffee economy. At present the curers sometimes charge a commission on supplies which ranges from five to ten per cent. This is in addition to the interest on the loans advanced by them towards the cost of supplies. We hope that when a central co-operative organisation is established it will be possible for estates to get the supplies required by them at reasonable rates. In Chapter IV we have recommended that the sale of fertilisers to coffee growers should be a monopoly of this co-operative organisation. The central co-operative supply organisation should channel its supplies to small grower through central co-operative curing societies and directly to big companies and partnerships as under existing rules they cannot join central co-operative curing societies. If rules do not permit membership in the central co-operative supply organisation of companies and partnerships, the alternative organisation would be a central supply corporation directly making supplies to companies, and partnership concerns and though central co-operative curing societies, to small growers.

CHAPTER IX

FINANCE

Credit needs

In this chapter we shall examine the financial needs of the coffee plantation industry and make an assessment as to how far existing sources of finance fulfil these needs. The financial needs of the industry can be classified as short term, medium-term and long term, depending on the purposes for which finances are required. Short-term finance is required for meeting the expenses of working the estate until the sale proceeds of the year's crop are realised. Under the present marketing scheme, the sale proceeds are passed on by the Coffee Board to the growers excepting growers of less than 1 ton, in instalments which are spread over a period even exceeding 12 months after the crops have been surrendered. On this account their needs for short term credit are increased all the more. Medium or long-term finance is required for purchases of implements like spraying equipments or for carrying out permanent improvements in land and buildings. Also, funds are required for rehabilitation where the plants inspite of pest control measures, become borer affected and require uprooting and replanting in large blocks. The sources from which these needs are met are the resources of the companies or individuals themselves, and loans from managing agents, banks (including co-operative banks), coffee curers and private money lenders.

Estimates of working capital requirements of growers

2. With a view to finding out the requirements of the industry for working funds and the sources from which such requirements are generally met, we had addressed individual estates, coffee curing establishments and the coffee Board for relevant data. Only estates of 100 acres and above were covered by this enquiry and the analysis which follows relates only to this section of the industry. The individual estates were asked in the questionnaire to furnish their estimates of normal requirements of working capital and the actual expenditure under this head during the three years 1951, 1952 and 1953 and the sources for this finance. Only 75 estates (56 companies and proprietary concerns) covering 21,491 acres i.e., about 20% of the total acreage of estates of 100 acres and above, furnished their estimates and the actuals under this head during the three years. The estimates of normal working capital as furnished by the companies range between Rs. 200 and Rs. 600 per acre. The actual working capital employed works out on an average to Rs. 320 per acre in the three years 1951—53. Table LIII shows the working capital employed by reporting estates classified according to types of management for the three years 1951, 1952 and 1953. These figures may be taken as illustrative of the working capital of the company managed and the larger proprietary concerns. On this basis the working capital requirements of estates of 100 acres and above may be estimated as about Rs. 320 per acre.

Source of finance

3. Most of the estates have not indicated separately the amounts borrowed from the agencies from whom they secure finance. It has not been possible therefore to assess from these replies the extent of the advances made by the different agencies. The advances made by curers, Banks and other agencies to growers are generally against hypothecation of the crop and

TABLE LIII.

Table showing actual working capital employed by reporting coffee estates classified according to types of management during the period 1951-1953.

Type of ownership/ Management.	No-of Estates	Acre-age	1951 Produc-tion (in cwts.)	1951 Working Capital (in Rs.)	1951 Working capital per acre (in Rs.)	1952 Produc-tion (in cwts.)	1952 Working Capital (in Rs.)	1952 Working capital per acre (in Rs.)	1953 Produc-tion (in cwts.)	1953 Working Capital (in Rs.)	1953 Working capital per acre (in Rs.)
1	2	3	4	5	6	7	8	9	10	11	12
1. *Sterling Companies:*	1(1)	842	3,513	4,28,578	509.00	2,062	4,31,104	512.00	1,625	4,76,572	566.00
2. *Rupee Companies:* Under Non-Indian Managing Agents.	18(12)	6,684	26,779	12,30,176	184.05	18,166	12,14,892	181.78	23,029	14,90,299	210.85
Director Controlled Private Ltd. Non-Indian.	4(3)	779	2,032	2,67,240	343.05	2,426	2,74,137	351.90	1,830	3,05,354	391.80
Under Indian Managing Agents	6(3)	2,471	2,540	6,49,265	262.70	1,085	7,26,389	293.90	8,104	9,75,443	394.80
Director Controlled Private Ltd. Indian	1(1)	132	210	30,000	227.20	225	33,000	250.00	246	40,000	303.03
3. *Proprietary & Partnership concern*-Indian	30(23)	6,575	17,211	22,49,046	342.06	19,465	25,48,457	387.60	25,508	26,06,423	396.40
Non-Indian	15(13)	4,008	12,754	11,47,555	286.30	17,427	18,85,199	470.30	17,262	16,98,196	423.70
All India	75(56)	21,491	65,039	60,01,860	279.30	60,856	71,13,278	330.90	77,604	75,11,287	349.50

Note:—Figures in brackets indicate number of companies.
Source: —Returns from Coffee estates.

TABLE LIV.

Table showing loans advanced by 13 coffee curers during the three years 1951-52 to 1953-54.

(Amount in '000' Rs.)

Year	No. of Growers taking loans and amounts taken.						Total	
	25 acres & below.		Above 25 acres & below 100 acres.		100 acres & above.			
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9
1951-52	1,824	15,64	464	24,67	218	76,07	2,506	1,16,38
1952-53	1,595	17,99	403	26,53	232	99,39	2,230	1,43,91
1953-54	1,911	20,65	265	29,08	239	1,26,46	2,415	1,76,19
Total.	5,330	54,28	1,132	80,28	689	3,01,92	7,151	4,36,48

Source :— Returns from Coffee Curers.

are repaid through the Coffee Board by the growers executing lieu documents in favour of their creditors on the amounts payable to them by the Board. Information has been furnished by the Coffee Board regarding amounts disbursed during each of the years 1951-1954 to various agencies holding liens on growers' account with the Board (Vide Annexure XVI). This enables us to make an evaluation of the share of each of the agencies curers, commercial banks and private money lenders in financing the industry.

Coffee curers as financiers

4. Coffee curers constitute a very important source of finance for the industry. The loans advanced by them are mainly to large growers and chiefly for short-term needs. Information has been received from thirteen coffee curing establishments regarding the amount of loans advanced by them to coffee growers during each of the three years 1951-52 to 1953-54. The amount advanced by the others is negligible. The advances made by the 13 curers are summarised in Table LIV. Details are given in Annexure XVII.

It will be seen from the Table that these establishments advanced a sum of Rs. 4.36 crores to both big and small growers during the 3 years 1951-1952 to 1953-1954 averaging Rs. 1.45 crores in each year. The amount advanced to estates of 100 acres and above is Rs. 3.02 crores during the same period or an average of Rs. 1.00 crore in each year, representing roughly 70% of the total loan to all growers. It is understood that the bulk of the loans advanced by curers is against hypothecation of crops and only a small portion forms medium term loan. Table LV gives details of the amounts disbursed by the Coffee Board to the various financing agencies on growers' account against the accounts due to them for crops delivered to the Board.

The coffee curing establishments' share in the grant of advances works out to 61.80%, 79.9% and 16.50%of the total loans granted by the three financing agencies to the planters during the years 1951-52, 1952-53, and 1953-54 respectively. There has been a fall in the year 1953-54 in the amounts advanced by curers with a corresponding increase in the quantum of advances from the banks.

Interest & commission charged by curers.

5. The rate of interest charged by coffee curers varies between 6 and 9%. Besides the interest, curers realise in most cases a sales commission of 1% on the whole produce of the growers. The levy of a commission on the value of the whole produce and not merely on the principal of the loan advanced by curers is a relic of a former practice when they not only advanced loans but also marketed the produce of the growers. The latter function has disappeared but not the commission.

We feel that as the rate of interest is by no means low, it is inequitable to charge in addition a commission on the gross sale proceeds of the borrower-grower. Arising out of the relationship created of being a borrower, is the obligation on the part of the grower to deliver his coffee to the curer from whom he borrows and to buy all his requirements such as manures and other estate requisites from him. The loan itself is sometimes partly supplied in cash and partly as supplies. This obligation to buy only from the creditor-curer stands in the way of the small growers not taking advantage of the near-depots of the Coffee Board for delivering their coffee.

Other sources of finance-Commercial Banks.

6. Commercial banks are another important source of finance for the industry. From the data furnished by the Coffee Board it is seen that out of the total amount of Rs. 89 lakhs, Rs. 54.01 lakhs and Rs. 62.75 lakhs disbursed by the Coffee Board to various agencies on growers' account during the three years 1951-1952 to 1953-1954, the amount paid to banks was Rs. 33.39, Rs. 8.74 and Rs. 49.18 lakhs respectively. The

TABLE LV

Table showing amounts disbursed by Coffee Board to various financing agencies on growers' account during the period 1951-1952 to 1953-1954.

(amounts in thousand Rs.)

Year	Big Growers								Small Growers							
	Bank		Curers		Private money lenders		Total		Bank		Curers		Private money lenders.		Total	
	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1951-52	109	33,13 (37.5)	152	55,01 (62.3)	4	16 (0.2)	265	88,30 (100)	3	26 (36.6)	...	...	7	45 (63.4)	10	71 (100)
1952-53	95	8,60 (16.1)	139	43,17 (80.6)	18	1,76 (3.3)	252	53,53 (100)	3	14 (28.6)	...	...	19	35 (71.4)	22	49 (100)
1953-54	106	49,01 (79.5)	39	10,36 (16.8)	15	2,29 (3.7)	160	61,66 (100)	5	17 (15.6)	...	...	48	92 (84.4)	53	1,09 (100)

Note :—Figures in brackets are percentages.
Soucre : Coffee Board.

share of commercial banks in the loans granted to growers thus works out to 37.52%, 16.18% and 78.38% of the total advances during the three years. In the year 1953-1954, the planters seem to have gone in for a greater amount of financial assistance from commercial banks than from curers as compared to the two previous years. Loans granted by commercial banks are generally towards the working capital requirements of the planters though in certain cases loans for medium-term requirements are also advanced. It is however, not possible to find out from the available data as to how much of the advances made by banks were for long-term and how much for short-term needs of the planters. The rate of interest charged by the banks varies between 6 to 8%.

Managing Agencies.

7. Managing Agency Houses also advance loans to the companies under their management and act as guarantors of loans advanced by banks to the companies but figures of the amounts advanced by them are not available. The number of companies controlled by the agency houses in coffee plantations is much smaller than in the case of tea and the role of the agency houses as a source of finance in the case of the coffee industry as a whole, is not as great as in the case of the tea industry.

Indigenous banks and private money lenders.

8. Indigenous banks and private money lenders play an important role in the provision of finance to small growers ; their share in the advances to big growers is not very significant. The advances made by them to big growers during the three years 1951-1952, 1952-1953 and 1953-1954 were only 0.2, 3.3 and 3.7% respectively of the total advances. On the other hand, of the sum of Rs. 1.09 lakhs advanced to small growers in 1953-1954, about 84% was by private money lenders and only 16% by banks. Table LV gives similar details for the two years 1951-1952 and 1952-1953 also.

From the data furnished by the Coffee Board it is seen that the rate of interest charged by private money lenders varies from 8 to 18%.

Difficulties in securing short-term credit.

9. The evidence before us shows that most of the companies and proprietary concerns having over 100 acres of coffee had no difficulties in obtaining short-term finance provided they were agreeable to payment of an interest charge upto 9% and a commission of 1% on sale value of their produce. Difficulties are, however, experienced by a small section of them in the proprietary group. Some of their difficulties are mentioned below :—

1. Very high rate of interest charged.
2. Low limits of over-drafts allowed.
3. Payment by the Board in instalments of the price due to growers.
4. *Smallness of the loan in relation to the value of the crop.
5. **Dependence on the goodwill of the inspecting officials of the banks, societies or curers ; delays and want of funds with curers.

* "When the loans amount exceeds 2/3rd of the value of the crop, the difficulties are considerable, as security on loans is purely personal. Banks etc. do not readily lend money on the security of land". (An estate in Mysore).

** "The dependence on the goodwil of the inspecting officials of the Banks, societies or pool agents deputed to assess the value of properties to be mortgaged, the delay and difficulty in the matter of producing encumberance certificates from the Registrar's office and very often the excuse of paucity of funds with the pool agents in obtaining funds". (An estate in Malabar District).

In the matter of provision of working capital whether by banks or curers or other financial agencies, it is most important that finance should be available in sufficient amounts and at the proper time. The existing financial agencies besides being costly, do not seem to be sufficiently flexible in their operations for this purpose. The short-term credits advanced by private money lenders and curers cover only a portion of the value of the crop of a normal year and in years in which yields are high and consequently expenses also proportionately more, planters are put to hardship in securing adequate financial accommodation.

Proposals for short-term credit.

10. We hope that with the inception of branches of the State Bank in rural area, the coffee companies and big proprietors will be helped in obtaining short-term finance more promptly in adequate measure and at favourable rates. We recommend that the State Bank should supply full crop finance for short-term needs of this industry. The State Bank should also offer the facilities of extending the period of short-term loans by renewals when the former could not be repaid in time due to failure of crop or other unforeseen circumstances.

It has been represented by some of the estates that the Coffee Board should—

"make lump-sum advances to the planters who have already delivered coffee to the pool and who require such assistance, at the same rate of interest as it has to pay to its bankers. Such advances can be recovered from the pool payments. If necessary, the borrowing powers of the Board may be increased."

Provision of immediate payment on delivery of coffee is discussed in the chapter on Marketing.

Payment to small growers are made to the full extent of the basic price by the Coffee Board. Others get small initial payments and have to wait for 16 to 18 months before the full value of their coffee is realised. This places a heavy strain on their financial resources in as much as the growers have to find funds for meeting the working expenses for nearly $1\frac{1}{2}$ to 2 years after the delivery of the crop. We feel, therefore, that the Coffee Board's borrowing power should be increased so that it may be possible for the Board to make more substantial payments against delivery of the crop and also accelerate their disbursement.

Estimates of future long-term credit.

11. In our questionnaire, we had asked the estates to furnish their estimates of future needs for capital expenditure. These are shown in Table LVI.

Out of 99 estates covering 27,037 acres who furnished information, 83 estates covering about 21,000 acres do not stand in need of external finance for long-term development. Of the remaining 16 estates, the Indian owned estates appear to stand in greater need of long-term finance than the Non-Indian estates. From the figures furnished by the estates, the requirements of future capital needs work out on an average to Rs. 554.3 per acre.

Proposals for long-term credit.

12. In Annexure XVIII is given a Table showing the net available working funds of twenty seven coffee companies under various types of management as worked out by deducting their current liabilities from current assets. It shows the net available resources with the companies to be on an average, Rs. 603 per acre. The whole of this sum may not be available for long-term purposes, since some amounts will be required for working capital. But if the requirements of working capital are met by loans from banks, as suggested by us earlier, the resources available with the

TABLE LVI.

Table showing requirements of future capital expenditure indicated by reporting estates, classified according to types of Management..

Type of Ownership/management	Total analysed.		Those not requiring funds and not given estimates for future capital expenditure.		Those not requiring funds but given estimates for future capital expenditure.			Those who require funds (partly their own and partly outside) and given estimates for future capital expenditure.		
	No. of estates	Acreage	No.	Acreage	No.	Acreage	Amount (Rs.)	No.	Acreage	Amount (Rs.)
1	2	3	4	5	6	7	8	9	10	11
1. *Sterling Companies:*	3(3)	2,276	2	1,434	...	...	...	1	842	3,500
2. *Rupee companies:*										
Non-Indian Managing Agents Control: Non-Indian.	3(3)	770	...	...	3(3)	770	3,90,551	...	...	...
Partly Indian & Partly Non-Indian.	8(6)	2,181	1	608	6(4)	1,303	5,97,975	1	270	2,225
Indian Managing Agents Control: Indian.	7(6)	3,630	2(1)	762	3(3)	1,018	3,20,000	2(2)	1,850	16,95,500
3. *Outside Managing Agents Control:* Private Ltd-Indian.	1(1)	132	...	...	1	132	1,00,000	...	...	...
Private Ltd. Non-Indian.	6(5)	1,203	5(4)	991	1	212	20,500	...	...	...
4. *Proprietary and Partnership Concerns:* Indian.	41(33)	8,572	13(8)	2,743	18(15)	3,296	24,62,760	10(10)	2,533	10,01,500
	7(6)	1,834	4(3)	1,105				3(3)	739	1,38,000
Non-Indian.	30(24)	8,273	16(13)	4,678	12(10)	2,810	20,26,539	2(1)	785	1,48,500
All Indian	99(81)	27,037	39(29)	11,216	44(35)	9.541	59,18,325	16(15)	6,280	28,51,225

Figures in brackets indicate the number of companies.
Source :—Returns from Coffee Estates.

companies could be released for long-term purposes. The future capital requirements of the sector comprising companies and big proprietors could therefore be largely met from their own resources. Long-term finance thus does not appear to be a great problem for the larger estates and proprietary concerns.

In the matter of finance for medium and long-term needs, difficulties are experienced only by a section of the proprietary Indian concerns and the smaller companies. The small holders fall in a class by themselves. Their credit and other problems are similar to those of other small agriculturists and need similar remedies. The problem of small holders is discussed in another chapter. Since Commercial Banks in India, generally do not advance long-term loans, we recommend that the State Finance Corporations of the States in which coffee estates are situated including the Madras Industrial Investment Corporation should mèct their needs for long term finance. Coffee growing is undoubtedly, mainly an agricultural operation, but it involves also processing before the product can be put into the market. It should not be difficult by a suitable amendment of the relevant rules of the State Finance Corporations to empower them to grant loans to coffee estates as they do for industrial undertakings.

Loans from the State Finance Corporations should also be available for redemption of old debts of estates where such redemption can restore them to normalcy. Financing for future needs would be difficult if old debts remained unpaid. Such cases will need careful examination by the Finance Corporations in association with experts of the Coffee Board. We believe that if a sympathetic policy is followed by the Finance Corporations, the needs of the smaller coffee companies and larger proprietors for medium and long-term loans for productive purposes will be largely met. The State Finance Corporations, when considering applications for loans for coffee estates would need the service of experts for the scrutiny of technical aspects of the applications; for this purpose we suggest that they, in consultation with the Coffee Board, should appoint a ponel of experts of standing with specialised knowledge of coffee production; also suitable co-ordination should be established between the State Finance Corporations of different coffee growing states so that a common policy may be followed by them in the matter of grant of such loans. The Coffee Board should have a Plantation Finance Committee to keep a close watch over the financial needs of the industry. If this committee finds, as a results of experience of the working of the Finance Corporations and other institutions that they are not in a position to meet the long-term needs of the industry, it should make necessary recommendations for establishing a separate Plantation Finance Corporation which may be under the auspices of the Coffee Board itself.

CHAPTER X.

MARKETING OF COFFEE-PRIMARY SALES

The introduction of coffee control in 1940 brought in its wake a change in the pattern of marketing of coffee, namely centralised marketing by the Coffee Board in place of the free market which existed earlier. The main purpose of control in the initial stages was to help the growers in the disposal of their surpluses, which was then a serious problem because of the closure of the customary markets for Indian coffee in Europe brought about by the world war. In the Coffee Act, therefore, a provision was made for the grant of internal sale quotas to estates so that growers might themselves dispose of those quantities internally, leaving to the Board the responsibility of disposal of the remainder. Grant of internal sale quotas did not actually prove beneficial to growers as they generally disposed of the produce in their possession within the first few months of the season at low prices. To make control measures more effective, the internal sale quotas were reduced to 10% in 1942-'43 and since 1943-'44 it has been stopped altogether. Also, compulsory delivery of coffee to the Board which in the first instance was applied only to estates of 25 acres and over, was extended to all estates of 10 acres and above in 1941-'42. In the next year it was extended to all estates of 5 acres and above and in 1943-'44 it was extended to all estates irrespective of their size. All coffee produced by registered estates is at present delivered by estates or curing establishments on their behalf to the marketing pool of the Coffee Board except a small quantity which they are allowed to retain for their personal use. Collection and marketing of coffee is now done by the Coffee Board. The Commission's questionnaire included three questions to all concerned interests (Q. 39, 40 and 41) to state whether they are satisfied with the present arrangements for delivery of coffee and the present system of marketing and whether speculative activities exist and if so how they can be remedied. Answers to these questions have been assessed and examined later. They throw much light on the administration of marketing.

Introductory

2. In a previous chapter we have described the role of the curers in the processing of coffee. Before the establishment of Coffee control most of the coffee curers also functioned as agents of growers for warehousing and marketing of coffee. They also purchased the coffee of the growers. When the Coffee Board took over the function of marketing, it retained the services of the curers as their agents for the performance of a variety of services in respect of curing, storing, making payments to growers and assisting in sales by entering into agency agreements with them. There are two classes of pool agents-A and B class-depending upon the quantity of coffee handled by them and the nature of the work entrusted to them. While 17 A class agents handled 23,113 tons of cured and estate-pounded coffee in 1954-'55, there were only 3 B-class agents who handled 557 tons in all. The pool agents are accountable to the coffee Board for the quantities of coffee shown as outturn to the growers in respect of deliveries received from them for curing including coffee from their own estates and for coffee transferred to them from the Board's collecting depots. Under the terms of the agency agreement, coffee collected by the

Pool Agents- A & B-class agents

pool agents has to be stored by them in their own godowns free of rent up to the 30th June and thereafter on payment of rent until deliveries are made against sales or transfers are affected by the Board. The various functions of pool agents are detailed below.

—their role described

3. The pool agents receive and store pool coffee delivered by the collecting agents of the Board and by the registered estates or estates liable for registration. They make payments to growers for the coffee delivered by the latter from funds provided by the Coffee Board. They draw samples for the assessment of the value of pool coffee of growers producing more than one ton of coffee. They supply gunnies for storage of coffee, maintain registers of stocks and furnish periodical returns of stocks to the Chief Coffee Marketing Officer.

–Supply of estates requisites

4. Most of the pool agents are also suppliers of estate requisites, the most important of which is fertilisers. On their own account they also do financing of estates. Though in these matters the terms are mutually settled by the pool agents and growers concerned, the pool agents get the Board's indirect assistance in the performance of these functions by being nominated as the authorised distributors of manures and by getting liens on crops of the growers to whom they advance monies.

-their unique position how achieved

5. Thus the curers having become the agents of the Coffee Board for the performance of the many functions connected with coffee marketing are holding a privileged position. This position they did not have before the introduction of coffee control. At present all the coffee produced has to pass through them only, and with production having been stepped up, it has given them more business in regard to curing, storage, financing and supplies. It has enabled them to enlarge their business of granting loans on coffee because formerly their loans were not so well secured as the borrower was not bound in law to give all his produce to the custody of the curer. Likewise, in the matter of supplies of manures and estate requirements they have been able to expand their business because growers are now dependent on them for taking delivery of their produce and it is from them that they have to receive payments for the value of their coffee. The Coffee Board said in its reply to the questionnaire:

> "The curers finance a number of coffee estates, supply fertilisers, import machinery, are insurance shipping and forwarding agents, supply miscellaneous estate requisites and spraying materials, chemicals and rubber hoses. They are also manufacturers of fertilisers like steamed bonemeal and potash. They also have their own patent fertiliser mixtures".

The consequence, therefore, of the curing houses, who previously concentrated in their hands coffee business in curing and marketing, being appointed as agents of the Coffee Board for various services was that concentration in the coffee industry regarding certain services increased both in depth and width. Four of these groups of curing houses handled 7,243, 4,362, 4,018 and 2,075 tons of coffee delivered to them as pool agents of the Board in 1953-'54, i.e., in all 17,698 tons out of a total of 26,929 tons delivered to all A class pool agents. Three others handled 4,272 tons and the remaining six handled 4,959 tons. Thus 65% of the pool coffee and the services incidental to its marketing are handled by a group of 4 A-class agents (of whom 3 are Non-Indian and 1 partly Indian), 16% by 3 others and the rest 19% by six other A-class agents.

There is an urgency of reducing this concentration in this industry, particularly in view of the declared Industrial Policy of April 1956 which states:—

"Equally it is urgent to prevent private monopolies and the concentration of economic power in different fields in the hands of small numbers of individuals".

The Second Five-Year Plan report has given a caution

"Care has to be taken to secure that development does not create further inequalities and widen the existing disparities". (Para 33).

This has a relevancy to these curing houses whose concentration will progressively increase with the present rapid expansion of the coffee industry.

Pool agents-as coffee growers

6. The few big pool agents are also managing agents or owners of coffee estates. The table below shows the quantity of coffee handled by some of the pool agents and the outturn from the estates under their management and/or ownership.

TABLE LVII.

Table showing total quantity of coffee handled and quantity produced by estates under the management of pool agents for the years 1952 and 1953.

Name of pool agent	1952			1953		
	Total quantity handled (in cwts.)	Quantity of coffee produced by estates under their own management (in cwts.)	Proportion of 3 to 2	Total quantity handled (in cwts.)	Quantity of coffee produced by estates under their own management (in cwts.)	Porportion of 6 to 5
1	2	3	4	5	6	7
A.	12,020	489	4.07%	28,180	1,908	6.77%
B.	97,500	18,343	18.81%	103,860	25,211	24.27%
C.	41,080	38,760	94.35%	44,600	31,121	69.78%
D.	40,180	8,088	20.13%	42,280	12,073	28.55%

Source:— Returns of coffee estates.

It will be seen from the above table that a significant part of the quantity of coffee handled by pool agents relates to estates under their management. Samples for assessment of value from the outturn of these estates are drawn by them. Ordinarily one should expect outside check in respect of outturn of estates belonging to or managed by them. Actually however there are none. Some outturns of the estates owned or managed by them may be calculated for underdried coffee thereby showing a higher outturn and consequently realising a higher payment. There is scope for increasing one's own outturn and sending also a non-representative better sample for valuation by the Board. The extracts of inspection reports given later in this chapter point out some of the defects in the present agency system. This scope for abuse is inherent in the situation as curers are in charge of storage of their own produce and that of others.

7. Many of the big pool agents are also traders and distributors of coffee beans and roasters and manufacturers of coffee powder. It was stated by a section of the trade, that, if a curer is also permitted to be a buyer of coffee at the auctions from the stocks held by him and in respect of which stock he draws samples for the auctions, it gives him a privileged position in having first hand knowledge of the quality of the coffee auctioned from his stocks, which knowledge is denied to the other wholesale dealers. The view is held by some that samples taken by the pool agent for auctions in such circumstances may not be really representative ones. One traders' Association said in their evidence "During the period of rising prices between January, 1951 and September, 1952, the Hunsur curing works or the Chamundi works have been the major bidders to whom coffee was delivered for highest bidding". When the same curers are also roasters, the scope for utilising sweepings, blacks and browns (for which accounts cannot be correctly maintained) for making powder is also great.

Pool agents as dealers and roasters of coffee

8. In the present set-up of the pool agency system all the functions except certain arrangements for the auctions have been delegated to the agents without providing for adequate check on their performance. In certain respects, checks too are inherently impossible. Also, the agency that is entrusted with custody of stores is asked to make payments to growers. They make also the valuation of the small-growers' coffee, independent of the Board. When the warehouseman is the paymaster and the appraiser of value of coffee in the case of small growers, there is a possibility of the latter not getting a fair price. The complaint is not against the curers but against the system in which there is plentiful scope for abuse. Also there is no concurrent check over the efficiency of curing as the identity of a particular lot of cured coffee is lost when it is merged into the pool and bulked. Further, the A. C. M. O. who is an officer of the Board will not be able to provide an independent administrative audit of the pool agencies when the latter, as producers, curers, and traders had a dominant voice in the Board's affairs. Great scope existed in curing houses, in not keeping correct accounts of loss and gain-in weight. Losses in weight might be exaggerated, gains under estimated, and the excess unaccounted. Or, as represented to us by some, more losses in weight may be noted in the pool depot coffee stored with them and more gains-in-weight for others. The possibilities of a full gain-in-weight not being recorded in the books is described in the next paragraph. The check over stocks was only 10% by the ACMO and that too sometimes after bulking or transfers of coffee have been made to cooperative societies or coffee houses or local auctions. There was no obligation that the amount of gain-in-weight shown in inspection reports should be entered in the books. Also, although the Excise department permitted only 10% loss in processing parchment and 20 % in both cherry and Robusta, the losses according to some curers' books amounted to 20 to 25% for parchment and 40 to 45% for cherry. There can be no real control by the Board's staff on the pool agents because some pool agents are amongst their masters, being members of the Board as representing the producers or sometimes the traders.

Defects in the administration of the pool agency system

9. Experiments were conducted by the coffee Board in 1952 regarding loss-in-weight due to driage and gain-in-weight due to absorption of moisture. The weights of sampled bags of coffee were recorded for each month of curing. The experiments showed "considerable variations in gain-in-weight and loss-in-weight as due to the type of coffee, the month of curing and the location of the pool agents'

Gain-in-weight

centres of curing and storage". Secondly, the gains were more in the coastal centres. Thirdly, there was a gradual increase in the average weights upto August 1953; the maximum increase occurred in August-September; and there was a gradual decline upto March 1953.

The following was the overall average weight of a bag of Plantation 'A' whose initial weight was 168 lbs. net.

	Coastal Pool Agents lbs.	*Inland Pool Agents lbs.*
January	168.00	168.00
February	168.61	167.88
March	169.22	167.89
April	169.75	168.23
May	170.11	169.12
June	171.52	169.12
July	172.83	169.66
August	173.65	170.13
September	173.29	169.97
October	172.94	169.76
November	172.27	169.29
December	170.69	168.74

Most of the coffee came into the pool between January and April and it was sold in internal auctions every month. Coffee brought into the pool between January and April which was about 4/5 of the total amount of coffee delivered to the pool, gained in weight on the average from 168 to 173.65 lbs. in August and to 172.27 lbs. in November in the case of coastal curers. The average weight in lbs. between January and April amounted to 168.9 lbs. and that between May and December 172.16 lbs. This gain-in-weight cannot be applied to all the tonnage in the pool between December and April since part of it is released for sales. An adjustment will have to be made for the gain-in-weight for this portion. As against this, the gain-in-weight between May and November for tonnage of coffee brought into the pool during that period has not been taken into account.

We will now examine the actual gain-in-weight for 1952-1953 for each Pool Agent. The figures are given below:—

Name	Pool Agents		
	Coastal curers: %of gain-in-weight to total tonnage received by pool agents in 1952-'53 season	Name	Inland curers: % of gain-in-weight to total tonnage received by pool agents in 1952-'53 season
1	2	3	4
1.	0.91	9.	0.72
2.	0.36 to 0.59	10.	0.69
3.	1.19	11.	1.98
4.	1.30	12.	1.47
5.	1.75	13.	2.89
6.	1.53	14.	8.76
7.	1.13	15.	0.37
8.	0.86	16.	0.92
		17.	1.12
		18.	0.06

The above figures of gain-in-weight at the various pool agency houses show that in some cases gain-in-weight is very much less than what would be on the basis of the experimental data. The experimental data shows a higher gain-in-weight at coastal centres than in-land centres but the above figures of curers do not indicade this difference. One should normally expect this difference, as inland centres are comparatively dry places where gain-in-weight cannot take place to the same extent as in coastal places. If inland curers showed a certain gain-in-weight, it should be much more in the case of coastal curers. Even among the coastal curers the difference in gain-in-weight between the figures arrived at in the experiments and the actuals given in by pool agents cannot be explained away as due to the type of coffee or curing methods. Differences occured even among efficient curers. The inference is possible that full gain-in-weight is not shown in the books by certain pool agents. At any rate, gain-in-weight is imponderable and its control in storage is possible only when it is directly undertaken by the Board and not when left to various agents. While we do not assert that all gains-in-weight are not brought into account, there is certainly a case for investigation.

Defects in the pool Agency system—Evidence analysed

10. The inspection reports of the ACMO's have revealed some of the defects in the working of the pool agency system. Points from the inspection reports are given below:

(i) "Bushels in use were slightly bigger by nearly one inch and even at the time of the second inspection it was not found rectified".

(ii) "Godowns for which the coffee Board paid rent were also used by the pool agents to store other commodities".

(iii) "At the time of inspection for check weighment, no complete outturn in plantation with all grades was available as they have been bulked either for export or allotment to co-operative societies".

(iv) "Blacks, browns and bits were not available for weighing and stock-taking in the individual outturn as they were bulked".

(v) "The E. P. coffee has lost weight to the extent of 1 lb. to 3 lbs. per bag-A gain-in-weight was noticed in the total quantity of each outturn. The Central Excise department permits 10% loss in processing parchment and 20% in both cherry and Robusta. The loss according to curer's books is parchment 20 to 25% and cherry 40 to 45%—This register does dot represent the entire shortage or gain observed at the works—The gain-in-weight register is not being attested by the range officer-Losses in weighment in each bag of cwt. 1-1-0 ranged from ¼ to 5 lbs. due to climatic conditions according to the location of stocks and sides of stacks. Gains noticed at the time of stock-taking not brought into receipt side where as shortages based on the ascertained weight are entered on the disposal side-Gains shown in gain-in-weight register do not find a place in the pool stock registers".

(vi) "Various lots had no stack cards-Coffee packed in single bags gave way when pulled out for weighing-No card indicating the quantity sold from a lot-Loss in weight has been noticed on the depot coffee-Interval between the date of pooling and issue of outturns in very many cases too long-For coffee received on 26-2-'54 outturn issued as late as 31-7-'54. Unsafe godowns-Stacking prevents counting of bags-Coffee taken for curing and garbling not strictly under priority of receipts-No linking between garbling section delivery book and godown register for clean coffee-Where coffee is kept in the machine section for 3 to 4 months there is the risk of mixing one estate's coffee with other-Coffee husk not disposed of".

The circulars of the coffee Board pointed to certain defects in the pool agency arrangements. Discriminatory curing of coffee without adhering to priority of receipts, charging more than what was allowed for packing of bags delivered to buyers, and misguiding the dealers in the bid forms were the defects for remedying which the Coffee Board issued certain circulars (Cir. Nos. 779 of 1-10-'54, 4426 of 31-3-'55, and 4457 of 4-4-'55).

The comments of the Coffee Board on the working of curing houses are also noteworthy. The marketing committee passed the following resolution about certain methods adopted by the coffee curing houses:

"As there have been complaints from dealers now and then that some of the coffee purchased by them was underdried as a result of which heavy losses in weight were noticed when coffee was removed to their places on delivery, the committee suggested that the ACMO's in the divisions be instructed to give special attention to this aspect while inspecting the curing works whenever they observe that the coffee is underdried and send a report to the CCMO".

The audit report for the season 1950-'51 pointed out that there were heavy shortages of coffee at two curing works. The audit report also referred to unfair gains and losses in weight in one of them. Commenting on this, the marketing committee of the Coffee Board observed that,

"Compared to other curers the shortages reported by the above two works were abnormal and directed that they be told so".

In another curing works the Collector of Central Excise ordered the confiscation of excess coffee (63,082 lbs.) under rule 226 of the Central Excise Rules as according to him the offence was deliberate and therefore to be dealt with seriously. Serious irregularities also occurred in the two co-operative curing societies.

The following are some of the further points made in the representations about curers.

"Coffee husk enters the market with the connivance of curers",

"Curing charges seem too high—have to keep pace with higher wages—high in the sense that transport charges have to be borne by the planter-curing charge of Rs. 3/12/0 per cwt. a bit on higher side—

"Merchants had to pay unnecessarily any charges made for excise clearance, for moving coffee from non-duty paid godowns to duty paid godowns even though coffee is sold to bidders as ex-works and inclusive of excise duty".

A traders association has represented as follows:

"It is painful to think of the curers' practices such as underdrying, bad storage and sample variations resulting in badly processed coffee".

Commission paid on coffee brought to the pool.

11. For the services which the pool agents perform and which are described in paragraph 3, they are paid a remuneration calculated at the rate of $1\frac{1}{2}\%$ on all pool payments made by the agents. Originally this commission was $1\frac{1}{4}\%$. But while one should expect a decrease in the rate owing to the larger quantities at an increasing price they progressively handled during the last ten years, the commission has increased to $1\frac{1}{2}\%$. The levy of commission is a continuation of the earlier system when curers performed all the functions for the growers many of which are now done by the Board.

12. In addition to the commission, the pool agents are also separately remunerated for the charges incurred in performing other services on terms and conditions mutually agreed upon between them and the Coffee Board. When for a number of specific services rendered, a charge is levied and a commission of $1\frac{1}{2}\%$ on the price paid to growers is also paid in addition, it requires examination whether any part of the payment is duplicated. These services are :

Additional payment for services.

1. Bulking.
2. Transfer to inland centres.
3. Delivery 'F. O. L.' and 'F. O. R.'
4. Repacking.
5. Receiving coffee.
6. Storage.
7. Purchase of gunnies.

The rates in force for the performance of these services for the coffee season 1954-'55 are given in Annexure XIX. Table LVIII gives figures of the tonnage of coffee handled by the pool agents, the commission and the remuneration for specific services received by them.

TABLE LVIII.

Table showing quantity of coffee handled by pool agents and the remuneration paid to them for services not covered by the agency agreement.

Year	Quantity handled (in tons.)	Remuneration for services not covered by the agreement (in Rs.)
1	2	3
1951-1952	19,278	2,92,676
1952-1953	18,987	5,21,395
1953-1954	28,097	8,35,715

In Annexure XX is given the amounts received by each pool agent in the year 1953/54 on these accounts. In the past years the pool agents have successfully prevailed on the Coffee Board to increase the charges not only for curing but also for the other services enumerated above. This it was easy for them to do as they were in a strong position on the Board and could vote their own charges. Also the schedule of rates of remuneration for services not covered by the agency commission are settled by mutual agreement. When these rates have to be negotiated with the pool agents under the agreement after their appointment, the latter are in a stronger bargaining position in deciding them. The table below shows the increase in the rates for various services rendered by the pool agents in the last few years ; with the radical alteration of the constitution of the Board in the year 1953 providing for larger powers to government and an official as chairman, there has been a definite reduction in the rates of charges paid to pool agents. The annual savings effected thereby is Rs. 47,907. This represents the amounts paid in excess to pool agents in the previous years due to want of proper scrutiny of the rates.

TABLE LIX

Table showing schedules of rates of remuneration to pool agents for services not covered by the agency agreement.

(per ton of 20 cwts.)

Item.	1949-1950*			1953-1954@			1st April 1956 to 1st June 1957.		
	Rs.	A.	P.	Rs.	A.	P	Rs.	A.	P.
1.	2.			3.			4.		
Bulking.	2	8	0	3	12	0	3	12	0
Sizing.	12	8	0	13	8	0	13	8	0
Garbling.	40	0	0	45	0	0	45	0	0
Curing (estate hulled or pounded)	52	8	0	60	0	0	60	0	0
Curing (Parchment or cherry)	67	8	0	75	8	0	75	8	0
Transfer into inland centre.	10	0	0	21	8	0	9	0	0
Delivering F.O.R. nearest Railway station in original packing.	10	0	0	14	0	0	7	0	0
Marking, packing, stitching, stacking etc. when coffee is repacked.	12	8	0	19	0	0	6	10	0
Receiving small growers' coffee from collecting agents.	10	0	0	11	0	0	5	8	0
Storage charges.	1	12	0	2	8	0	2	8	0
Packing and loading coffee in lorries exclusive of bags.	44 to 48			17	8	0	5	0	0
Packing and placing coffee F.O.R. nearest Railway station (exclusive of bags).	10	0	0	14	0	0	12	0	0
Packing and placing coffee F.O.R. nearest port for W. Coast pool agents.	62	8	0	54	8	0	18	0	0
Commission for inland transfer.	¾%			¾%			⅜%		

*Annual report of coffee Board (1949-'50) Page 172.

@Annual report of coffee Board (1953-'54) Page 185.

13. A-class agents are also paid besides the schedule of charges mentioned in paragraph 11, an additional remuneration on all deliveries made by them at the rate of ¾% on prices realised on ex-works deliveries of coffee (exclusive of excise duty and sales tax) namely for pool sales, export sales, allotments to co-operative societies and other direct allotments by the Board as also on coffee transferred from one pool agent to another under the directions of the Board. The same commission is also payable on the basis of minimum release prices exclusive of excise duty on all despatches to pool depots and propaganda units or samples sent to centres where pool sales are held. This payment is made because the A-class pool agents are responsible for the performance of certain services detailed in paragraph II-19 of the agreement which reads as follows--

Additional remuneration to A-class agents on deliveries.

> "The Agent covenants with the Board that it shall be his duty........... to be responsible at his own expense, for arranging auctions, printing bid forms, drawing export contracts, tendering coffee against allotments, supplying samples as and when required in connection with internal/export sales, collecting sale proceeds on behalf of the Board, rendering of credit notes to the board, submission of sales tax returns, and for carrying out such other duties as may be assigned to him from time to time by the Chief coffee marketing officer in such manner as he directs in the matter of the Board's sales of coffee from the pool."

It may be that when the pool agency system was first introduced, the pool agents had to perform all the functions detailed in the above paragraph of the agreement. But since then, many changes have taken place in marketing policies and under the changed system it is the coffee-Board that performs some or most of these functions. Thus in the matter of the release of coffee for the propaganda department, the pool agent hardly performs any of the services referred to. Likewise, in the matter of releases to co-operative societies and local auctions, he does not perform all the services which he would have to do if the releases were against regular pool auctions. A large part of the work relating to auctions is done by the maketing officers. Also, the pool agents receive a buying commission of 3% on actual cost of gunnies which service may be easily arranged for by the Coffee Board. One would expect agreements of this nature to provide for reduction in the scale of remuneration if certain items of service are not performed by the agents in respect of certain categories of releases of coffee. We, therefore, feel that the commission of ¾% on deliveries requires modification in proportion to the reduction in the services performed by pool agents.

14. There is a provision in the pool agency agreement that when stocks of coffee are transferred from the coast to inland for storage over the monsoon, the forwarding agents shall be paid the full remuneration of ¾% and the receiving agent will receive a remuneration of 3/8% after the coffee is delivered against sales made by the Board. Here is a case where the forwarding agent does none of the duties connected with sales and yet has been claiming the full commission of ¾%. The B-class agents who did not get this commission for deliveries did almost the same work as 'A' class agents.

Commission on transfers from coastal to Inland centres.

The commission brought to the notice of the Coffee Board that payments are being made to the pool agents for services which they do not render or render only in part because the coffee Board does the balance and that the schedule of charges needed to be looked into with a view to see whether they may be rationalised. We understand that schedule of charges has since been examined by the Chairman with the pool agents and the coastal agents have now agreed

to accept 3/8% sales commission instead of ¾% which they previously claimed on coffee moved from the curing works at the coast to the interior.

Condition of godowns.

15. If the condition of the godowns warehousing the coffee at the coastal centres were very good, it may not have been necessary to move stocks from them to the interior to the extent it is done now. Actually, some of them are very defective and the Board has to pay towards insurance charges about 100% more than what they have to pay for some of the godowns which are in reasonably good condition.

High profits of pool agencies.

16. Some of the pool agency concerns are managed or owned by Non-Indians. In Annexure XXI (a) is given the quantities handled by eight non-Indian curing houses and the agency and selling commissions paid to them in the three years 1951-'52 to 1953-'54 by the coffee Board. It will be seen therefrom that their average net profit works out to Rs. 27/12/3 per ton. It cannot be said that these figures have been arrived at after a proper separation of the administrative costs as between the curing section and the pool agency section by all the companies. The overhead charges vary from Rs. 26/14/- to Rs. 73/11/- per ton, average being Rs. 49/11/10. The total income from commissions is Rs. 77/8/1 per ton. The profit therefore works to 36% on the income. Annexure XXI (b) gives similar figures for the curing houses under Indian control. Their profits work to Rs. 16/6/- per ton and overhead charges vary from Rs. 20/12/- to Rs. 31/4/- per ton or works to an average of Rs. 26/9/- excluding one company which shows a loss. The proportion of profit on the income works out to 37%. Let us examine the profits of these 8 curing-cum-pool agencies by including also the receipts and other charges for curing along with agency commission and charges. The receipts amounted to Rs. 122·5 per ton, expenses Rs. 94.9 and profits Rs. 26.6. This works out to a percentage of 22 on the income. In the case of the four companies excluding the one which showed a loss, the profit on curing plus pool agency business works to Rs. 18·2 per ton or 15% on an income of Rs. 118·1 per ton and an expenditure of Rs. 99·9 per ton. One of the balance sheets of a curing house shows a return of 22% on the income or 20% on the share capital as 'net' profits both on curing and agency account. The conclusion drawn from the figures of profits of the pool agents are subject to certain limitations. One is that the administrative charges in curing have not been separated from those incurred for the pool agency by all the companies. The second is that the remuneration other than commission has not been brought into account. The third is that it is possible that the costs incurred for getting this remuneration may have been included under overhead charges. On the whole, the job of a pool agent apart from curing is extremely profitable. The excessive character of the remuneration paid to the pool agents will also be evident from the following table. This table shows that the coffee pool of the Board incurs on the average more than 50% of its total expenses as payment to pool agents.

TABLE LX.

Table showing estimated pool expenses, the payments to pool agents for the three years 1951-'52 to 1953-'55.

(Figures in cols. 3, 4 & 6 are in Rs.)

Year	Estimated production (in tons)	Estimated expenses	Payments to pool Agents (agency and sales commission plus other charges)	Percentage of 4 to 3	Pool expense per cwt. of coffee delivered to pool
1	2	3	4	5	6
1951-'52	21,000	34,36,000	19,24,924	56.02	8-2-10.7
1952-'53	23,000	42,50,000	19,03,632	44.79	9- 3-10
1953-'54	29,000	59,33,000	33,29,369	56.12	10- 3- 8
1954-'55	24,810	48,85,000	23,38,000*	58.09	9-13- 6

*Estimated Source:— Coffee Board.

It should be remembered also that these figures of profits are exclusive of those made by the pool agents from money lending and supply of manures and other estate requisites.

Working of pool agency reviewed.

17. Our study of the curing-cum-pool agency points to the following facts. 65% of the amount of coffee brought into the pool is handled by four agents. Their appointment for storage of the Board's coffee has given all pool agents a special advantage to expand their lending and supply business to realise the amounts due to them from the price due to the grower and secure their credits on the produce in their custody. As they cured and stored their own coffee too, there was the possibility of their being able to give a better outturn to it. As they sent the samples for valuation there was scope for showing favour. When Pool Agents are also traders and roasters they could use their position of vantage in their own favour. As no rigid check is possible in bulking, in giving samples for pool sales, and maintaining proper accounts of gains and losses in weight, there is scope for abuses. This is not to say that all Pool Agents indulge in such unfair practices. The point is that a system which provides scope for possibilities of such abuse is not a sound system and requires to be changed. According to the Coffee Board, dealers have complained about heavy losses in weight when they removed it to their places due to noting of a higher outturn for underdried coffee. They also observed that shortages were abnormal in two curing works. According to the excise staff the loss permitted in processing was 10% for parchment and 20% for cherry and Robusta while some curers' books showed 20 to 25 for parchment and 40 to 45 for cherry and Robusta. The coffee Board had to intervene when instances of levy of illegitimate charges by certain pool agents were brought

to their notice. The net profits of curer-cum-agents were 22% of their gross income but this did not take into account the remuneration other than the commission received by Pool Agents. Pool agency by itself gave more profit and hence was a coveted job. The commission paid to the pool agents for receipt of coffee was a continuation of the older system when they did marketing for growers, but the same commission continued even with the undertaking of sales by the Coffee Board. Instead of decreasing it in proportion to the progressive increase in tonnage and the price, it has been increased. Additional payments apart from the commission have been recently reduced by Rs. 47,907 which is an indication that this was an excess payment during the past many years. The payment of a $\frac{3}{4}$% commission on deliveries was unjustifiable when no service for sales was rendered in respect of coffee allotted to the board, the co-operatives and local auctions and a substantial part of sale arrangements is done by the Assistant Marketing Officer. The defects inherent in the continuation of curing, warehousing, marketing and disbursement of price to the growers in the pool agents militated against sound marketing. These defects were accentuated when the pool agent was also a producer, a trader and a roaster. The appointment of big private curing and trading houses as pool agents has therefore deepened and broadened concentration of the processing and marketing activities in the coffee industry in a few hands. This increased concentration has been brought about by the facilities available to-day for development of the industry resulting from the expanded activities of the coffee Board. The new industrial policy of the government has pointed to the urgency of preventing concentration while the second five year plan pointed to the danger of creation of further inequalities and widening of existing disparities arising out of development. All these point to the need for the replacement of services other than curing now undertaken by pool agents on behalf of the Board by a separate service.

Need for proper location of store-houses of coffee.

18. A rationalisation of storage is necessary. The present location of the store houses of the curers at the ports arose out of the need for moving coffee to the coastal areas for exports as the bulk of the coffee was exported. The position has now changed and a greater portion of the coffee produced is consumed internally. This has rendered it necessary to have proper storage arrangements and movement of coffee from the ports to the interior to prevent them from deterioration. The Board has incurred expenditure in moving large quantities of coffee by way of rail freight, payments to the despatching agents for delivery, and an additional commission of 3/8% and receiving charges for the receiving agents. These are items of avoidable expenditure. Warehouses should be therefore re-located so that not only coffee may not deteriorate in storage but also be easily transportable to centres of consumption.

Coffee warehousing corporation establishment recommended.

19. We are of the view that the agency functions performed by the pool agents should be taken by a warehousing corporation which should be formed under the aegis of the Coffee Board for the warehousing of coffee. The corporation should rationalise the storage arrangements to avoid unnecessary movements of coffee from one place to another. It may utilise the curers only for curing coffee, provided they are agreeable to the control of the coffee board. Curing and storage should be at the same place though the institutions for performing the two functions should be separated. In order that curing and warehousing services may be economically performed and the curer and warehouser may get the necessary volume of business, specified coffee growing areas should be assigned for each curing establishment and warehouse. The arrangements for warehousing and marketing made by the warehousing corporation should be such

that the warehousing authority should not be saddled with the function of making payments for deliveries. The warehousing authority will be responsible for seeing that the coffee that it receives for storage bears the quality marks given by the grading Inspector* before it leaves the curing house and will effect deliveries against supply orders issued by the competent authority. Making payments for the coffee delivered into the warehouse should be the function of the Accounting Department of the Coffee Board as is the case generally in organisations concerned with stores. If the pool agents who at present are the curers are not agreeable to do curing only, the warehousing corporation should set up their own curing organisations as a separate department. While this will be the set-up for curing and storing the coffee of large and medium estates, the curing and storing agency for small holders will be central co-operative curing societies about which we have dealt with in the chapter on the small grower.

Pool depots

20. Apart from the A and B-class pool agents there are depots for collecting coffee from small growers. The depots run departmentally by the Coffee Board are established in Mysore and Madras states ; but little coffee comes through these depots as their managers are authorised to pay only the price of F. A. Q. or 'minus' points but not to award 'plus' points. The small growers on the other hand can opt as big growers and send their coffee to pool agents and in such a case they can also get plus points over the F.A.Q. The pool agents also attract business by giving transport at a low cost, granting loans and making supplies. The result is that the pool depots do not get an adequate amount of business and consequently their administrative costs are high. The budget for these depots amounted to Rs. 2.85 lakhs for 1953-'54. The total receipts of coffee at pool depots in 1953-'54 as Arabica plantations, Arabica cherry and estate-pounded amounted respectively to 1,270,823 and 912 tons. Calculating the average value for each of these types accordingto final realisations (without making any allowance for the fact that pool depots coffee got a lower price) at Rs. 196.25 per cwt. for the first, Rs. 160.4 for the second and Rs. 128.64 for the third type, the total value of coffee that got into the pool depots amounted to Rs. 89.71 lakh. The percentage of administrative costs work to 3.2 %. The actual amount of coffee dealt with in the pool depots amounted to 1,776 tons. (*Appendix VII (I)* 1954-'55 Coffee Board's report). Calculated on this basis the cost would be much higher. It should be further noted that the coffee brought into pool depots excepting in the year 1954-'55 ranged between 2,000 & 2,500 tons. Excluding the coffee transferred to A and B-class agents its ranged between 1,200 and 1,500 tons.

The pool agents were paid a commission of 3% for the collecting depots they maintained in Coorg. It has been mentioned to us that the pool agents who undertook this service at 3%, themselves made a distinct gain of 1%.

*Under coffee industry ordinance rules in Uganda "the processed coffee delivered to the Board shall have the quality marks and the number of the grading certificate by its inspector. The inspector may order processing of coffee to cease if in his opinion any items of machinery are so maintained as to cause deterioration to the coffee processed in such curing works or hullery. Any person who hulls wet coffee shall be guilty of an offence. A licensed curing works shall accept for curing any coffee directed to it by the Board and shall cure such coffee in return for such payment as the Board may determine. All coffee processed shall be inspected by a certified coffee grader who shall issue a grading certificate. Even after issue of grading certificate, he may inspect any bag prior to its export and take such samples for subsequent verification of the grade and the Board's decision in the grade shall be final. The owner shall be guilty of an offence if the grade was different from what was mentioned in the grading certificate. The decision of the grader shall be final".

The administrative costs of the Board's depots should be therefore considered high. It should, however, be noted that in the existing context, part of the high costs cannot be helped as some of the depots are situated in rather inaccessible areas and are meeting the needs of small growers. But the possibilities of reducing costs should be examined.

When once our proposals for warehousing and co-operatives for the small holder are implemented, and warehouses are properly relocated, the need for departmental pool depots will disappear. The present system of the manager of depots handling a large amount of cash for payment to small growers leaves scope for abuse. There is also the insurance premium to be paid for cash in transit. Payment to growers should as far as possible be made in cheques by the accounting section of the coffee Board. As coffee has to be collected only during the bearing season, the staff in depots have little work in the other season; they could be therefore usefully employed during the off-season in helping the small growers in the adoption of improved practices or in any other useful activities.

Pool Agents' depots.

21. The depots for small growers in Coorg are run by pool agents. The latter are paid a 3% commission on the value of coffee received by them in their depots in Coorg plus transport charges to the pool centres. They have appointed sub-agents to collect the coffee in Coorg. This system is not conducive to an efficient and economic service for the growers.

Collecting agents.

22. The collecting depots in Travancore are maintained by agents of the Board on a commission of 5% (inclusive of transport charges into pool depots except at Punalur.) This method of collection is also open to the objection that exercise of control on agents who are not employees of the Board will be difficult. The formation of central curing societies for small growers should help the board in collecting coffee from interior areas.

Importance of costs in fixing price grower.

23. We shall now describe the existing method of sale of coffee by the coffee Board. Firstly, a basic release price is fixed below which no trader can bid except under exceptional circumstances such as when deteriorated coffee is put up for sale. This price includes a return to the grower, Central Excise duty, the Excise duty under the coffee Act and the Board's administrative charges. The object of fixing a basic release price for auction is to secure for the grower his costs of production and a return for his investment. The coffee Board fixed this price on the basis of returns of a few big Arabica-growing estates. Experience showed that cost figures increased considerably year after year. The Board wanted Rs. 2/7/1 per point in 1952-1953 (The principle of points will be explained later) and government fixed it at Rs. 2/4/-. In view of the final payment to the grower being far higher than the basic price, government further brought it down to Rs. 2/2/- and there-after to Rs. 2/1/- for 1953-'54.

The manner in which costs were calculated left much to be desired. The present method of costing required to be put on a sound basis. At present costing is made by the Board as described below.

All estates whose average production is over 4½ cwts. and less than 1½ cwts. per acre are excluded as non-representative. The rest of the estates have been divided into those which are privately-owned and those which are owned by companies. The Board tries to obtain figures from an equal acreage of each type of ownership. The Board relates the reporting acreage of the estates which furnish figures from Madras, Mysore, and Coorg with

the total area of Arabica coffee in each of these States. The accounts for all estates which co-operate with the Board (though they are not necessarily representative estates) are analysed under different heads. The average production for six years is taken and the cost of the previous year for items other than crop gathering and processing charges is calculated for this amount of production per cwt. The latter charges are calculated for the production of the previous year only per cwt. To this, a return for the grower is added and thus the minimum to the grower is arrived at. To this is also added the Central Excise duty and other charges and the basic release price for auctions is thus fixed. Having fixed the basic release price for Arabica plantation, the price for cherry and Robusta flats is fixed on a price differential "fixed as far as possible on the cost of production". This differential is in the proportion of eighty for Arabica plantation, 68 for Arabica cherry and 52 for Robusta. Further differentiations in price are made in each of these groups according to grades.

The present method of costing calls for the following remarks :

(*i*) To divide the costs for certain items on an average yield of 6 years and crop gathering charges alone on the production of each year and thus arrive at costs per cwt. may not give correct figures of costs. If the reason behind this method is the variation in production, the same reason should be applicable also to all major costs, as they too varied. A grower. knowing as he does, that the crops are likely to be smaller after a year of heavy yield, is likely to reduce his costs to the extent possible in years of low yields. Just as production varies from year to year, costs under various major heads also vary. A better method will be to take the average of costs for the last six years under major heads for the determination of cost per cwt.

(*ii*) Costs may be higher in estates which had a greater percentage of aged trees over 40 years.

(*iii*) Provision for replanting cost does not at present include costs for a phased programme of replanting to clear arrears and provision for future replanting at the rate of 2½% of the area per year.

(*iv*) Representative costs should take due note of the costs of small and medium holdings which formed 50% of the total area under coffee.

(*v*) The calculation of costs for big Arabica estates and fixing of a minimum return for them and thereafter fixing a cost plus minimum return for Robusta and Arabica cherry on this basis, will be unfair to the growers of the latter.

(*vi*) The coffee Board did not select estates for costing but took the figures of whichever estates co-operated. For the 1952-'53 season, the cost data was based on 28 out of 34 estates addressed by the Board to send returns. In 1953-'54 it was based on 14 out of 34 estates addressed. In 1954-'55 it was based on 39 out of 69 estates addressed. There was no field staff and no systematic costing done by the Board to fix a minimum return.

(*vii*) Cost includes a return on investment which should include commission to managing agents, the interest on the working capital, dividends and reserves. This return is calculated on a standard value of fixed assets.

(*viii*) In as much as the basic price for sales is fixed on costs plus return, thereby assuring a fair price to the grower, it is not what a grower actually spends that should be covered but what an ordinary average grower should be expected to spend. Fixing of a return on the basis of costs should not result in giving a fillip to more than necessary expenditure.

(*ix*) The upkeep charges increase when fixed assets such as roads, buildings, and bridges are of a higher order in certain estates. In as much as returns are calculated only for standard assets, whose value is far less than those of some estates, it stands to reason that charges of upkeep should also be calculated for these standard assets and not on actual assets when deciding the costs of production.

If costing for fixing a basic price can be avoided it will solve the problem. But it is not practicable. If no basic price is fixed and auction is conducted without a floor price, traders can combine even in a closed bid, and bring down the price below cost of production. The purpose of controlled marketing to get a fair price to the grower will be lost.

If a basic price is to be fixed, there is no alternative to fixing it on the basis of costs plus return. A Board comprising 17 representatives out of 26 whose interests do not lie in reducing coffee price—for, it should be remembered, that 12 members represented growers, 1 member a curer, and 4 members the workers and a curer's interest lay in joining the producers as he can get more commission on a rising price for coffee and the workers' interest, while they might have differences in sharing the profits with the employers, does not necessarily lie in reducing the prices to the minimum—should not be expected to act against their interests and protect the interests of the consumer. To quote a recent example, when a member representing parliament in the Board proposed that the basic price for the grower should be Rs. 2/- instead of Rs. 2/1/- per point from 1-10-'54, only 4 voted for it and almost the whole Board rejected it. It should be remembered that what the grower got was not merely this basic price but a final payment which was generally 4 annas above the basic price per point.

Costs therefore have to be determined and prices fixed. Producers, while they may be consulted, should not fix it. Consumers too will try to give the lowest price to the producer. There should therefore be an independent expert body to fix the prices. This body should not be under a grower-dominated Board. This body should fix the basic price on the basis of costs plus return to the grower in full consultation with the representatives of the latter. It should be appointed by the Government.

Pool sales

24. For the primary sales of coffee, different methods have been adopted in different times in the past. The method of auction has been revived by the coffee Board since 1949. For short periods, other methods of disposal of coffee were resorted to by the Board during the control periods. They are described below. Auctions were suspended for the first time in 1943 when due to a fall in production, prices soared high. A system of licensing wholesale dealers and allotting coffee through them to retailers and roasters was introduced. This system continued until 1946, when, with the prospect of a good crop in that year, relaxation of rigid control measures was found possible and auctions were resumed. In the next year i.e. in 1946-'47, there was a steep fall in crop which continued for the year 1947-'48 also. The system of auctions was, therefore again suspended and a pattern of sales by tender with a maximum limit on the prices at which tenders were to be submitted by dealers, was adopted. This system was changed in January 1948 when a scheme of destinational distribution was worked out which involved the registration of all retailers and roasters. Before the scheme was actually brought into force, price control on coffee was removed by government in February 1948 in common with certain other commodities and auctions were thereupon re-introduced. The timing of the withdrawal of price control was not happy as it coincided with a short crop. Prices shot up after the withdrawal of price control and the upward surge

was accentuated by an increase in the Central Excise duty on coffee of one anna per lb. To check the price increase, a system of 'Local' auctions was devised and introduced at specified consuming centres so that the small dealers, roasters, hotels and canteens may get their requirements direct from the coffee Board instead of through wholesalers. Local auctions were discontinued from February 1949 and from March 1949 the Board decided that auctions open to all bonafide dealers should be started and all those who registered themselves with a deposit of Rs. 300 were allowed to participate in such auctions. From April 1952, however, prices began to rise rapidly and the Board, therefore, decided to reintroduce local auctions from July, 1952 and since then local auctions have come to stay as one of the regular channels of release of coffee.

A small percentage of coffee is also released from the coffee Board's pool direct to co-operative societies and the propaganda department at the minimum pool release price so that they may function as fair price shops. The position now is that coffee is being released from the pool for the internal market through the following four channels :—

(i) Pool auctions-in which wholesale dealers only take part.

(ii) Local auctions-intended for small retailers, roasters, hotels and canteens.

(iii) Co-operative societies-for retail distribution to the consumer.

(iv) Propaganda department-for sales as liquid coffee and raw, roasted and ground coffee at fixed prices.

Table LXI shows the quantities released by the coffee Board under the four categories in 1952-'53, 1953-'54 and 1954-'55.

Pool and local auctions-how conducted.

25. The pool auctions is the most important channel of release of coffee from the pool stocks. It will be seen from the table LXI that the coffee disposed of by pool auctions forms 66.27, 82.64 and 77.46% respectively of the total releases in the three years 1952-'53, 1953-'54 and 1954-'55. Pool auctions are conducted generally at two centres namely Mangalore and Mysore between January and June and at Coimbatore and Mysore from July to December. For each lot the minimum release prices, which are the basic prices, are indicated and bids above the minimum prices indicated for each lot are generally considered for acceptance. In cases where the stocks to be sold are below F.A.Q., the Chief coffee marketing officer reserves the right to accept bids lower than the minimum indicated price. In the system of pool auctions now in vogue, instead of open bids, 'Closed bidding' is adopted. Open bids had to be abrogated because of the difficulties encountered from dealers who pushed up prices beyond reasonable levels according to the state of the market. The dealers are given the option to indicate in the bid forms the maximum quantity of coffee required by them. When this limit is reached, no further quantities are to be allowed for them even though their bids may happen to be the highest. In such cases, the next bid is taken into consideration for declaring the lots. This procedure is followed as a preventive against cornering of stocks by individual dealers. Local auctions are at present conducted at 10 places. For local auctions, the minimum release price is Rs. 10/- per cwt. more than the minimum release price for pool auctions. This is intended to cover the F.O.R. charges, as allowed in the general price structure, average freight and the Board's administration and other charges, godown rent, and other miscellaneous expenses. In respect of the local auctions held at Bangalore, the rate is Rs. 11/8/- more than the minimum pool release price. The additional Rs. 1/8/- is intended

TABLE LXI.

Table showing quantities of coffee sold through the four distributing channels in the years 1952-1953 to 1954-1955.

Distribution channels.	Quantity of Coffee sold in tons.											
	1952-1953				1953-1954				1954-1955			
	Arabica Plantation.	Arabica cherry	Robusta	Total	Arabica Plantation.	Arabica cherry.	Robusta	Total	Arabica Plantation.	Arabica cherry.	Robusta	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
Co-operative Societies.	1,506	272	685	2,463 (14.65)	878	80	68	1,026 (5.78)	991	79	246	1,316 (5.97)
Propaganda Department.	613	258	198	1,069 (6.36)	525	207	79	811 (4.57)	849	238	373	1,460 (6.63)
Local Auctions.	818	379	942	2,139 (12.72)	695	146	404	1,245 (7.01)	1,095	91	1,004	2,190 (9.94)
Pool Auctions.	4,232	2,413	4,498	11,143 (66.27)	5,823	2,501	6,349	14,673 (82.64)	6,905	3,362	6,303	17,070 (77.46)
Total.				16,814				17,755				22,036

Figures in brackets are percentage to total.
Source:—Coffee Board.

to cover a part of the 'Octroi' of 3 pies per rupee payable to the Bangalore Corporation. Lately, a ceiling price has also been fixed for pool auctions and the sales have been defined as pool sales and not pool auctions.

Evidence analysed-Defects inherent in the system.

26. The complaints received about the existing system of pool sales are based partly on factors inherent in the system and partly due to defects of implementation of existing rules and which can be rectified with an improvement in administration. One of the points about which the Commission collected information was about the existence of speculative activities, their effects and remedies for their prevention. The following extracts of evidence showed the continuing need of plugging the holes for preventing unfair trade practices. The coffee Board in their reply to our questionnaire stated:

"Whenever the stocks in respect of any particular types of coffee were hardly sufficient or just sufficient for the market till the new crop came in, it has not been unusual for the trade to indulge in speculative activities. In 1952 when the supply was short some sections of trade formed a ring".

Speaking on the Coffee Amendment Bill in November 1954 the Minister for Commerce and Industry said in the Lok Sabha :

"The consumer interest was bound to suffer when auctions were conducted by a Board or a committee dominated by producer-cum-trader interest."

"Then it is certainly not in my hands to see that auctions are not rigged up because auctions are rigged up. As a matter of fact, we can always have four persons in an auction in which you can have people raising the prices to a limit at which no decent man will buy. It will benefit somebody".

Speaking about speculation, rigging of prices and cornering of stocks the Minister for Commerce and Industry said in 1953 :

"Nor was he going to permit to rig up prices or corner stocks and make the consumer pay...........Coffee should be sold through licensed dealers who gave a guarantee of good faith. The Board had at present little control over dealers who bid at pool auctions. Dealers had been rigging up prices from month to month. He had no sympathy".

Messrs Brooke Bond represented ;

"It is unfortunately true that the history of coffee buying and selling in South India has been one of considerable speculation particularly in years where the crop has fallen short".

The Chief coffee marketing officer reported on 21-10-1952 to the Marketing Committee :

"He had received reports to the effect that a group of dealers had manipulated their bids at the September auction in Coimbatore in such a way as to ensure that if one dealer in the group did not get a particular lot, it would go to another merchant in the same group. Normally coffee was declared to the highest bidder and if it was found that a particular dealer had secured too much coffee, his further bids were ignored and the lots declared to the second highest or the third highest bidder. In order to defeat this policy about 30 dealers had formed themselves into a group. About 50% of the total quantity exposed at the auction in Coimbatore was re-auctioned by them and a profit of about Rs. 30,000 was realised by the scheme. It was thus quite clear that there

was an organised attempt on the part of some of the members of the trade to deliberately push up prices to further their own interests'.

Another representation was as follows :

"A few capitalist wholesale dealers in coffee who have close contacts with the Indian coffee Board make forward contracts on occasions when they come to know that only small quantities of coffee will be exposed for auction in the succeeding months, and that consequently the prices will shoot up, bid for and corner huge stock of coffee to the tune of 50 to 100 tons each and when as expected the prices shot up at the next auction, the said dealers make huge profits".

The following is a description of how the ring operated :

"As there was no ceiling up to which a single bidder could bid, one or two whole-salers made the highest bid, purchased substantial stocks with the aid of their borrowings from banks, cornered them, and sold at a higher price to the other wholesalers. One of the causes of unhealthy speculation was the creation of bogus merchants by big merchants to bid in auctions. This became evident when the former bid at a high price in 1952 on behalf of the latter. They defaulted in payments".

The roasters who had to buy raw coffee from wholesalers represented as follows :

"We have to stand unhealthy competition of wholesale stockists, speculators, and raw coffee merchants...........Very often they fail to get required types and are forced to buy at higher prices in the market and put higher bids in auctions. Various types and grades of coffee should be realeased in proportion to the demand for each type and grade...........".

"The purchasers at retail auction sell their coffee to the big merchants for a small profit without any cash bill and the big merchants sell their stocks without bringing the same to their accounts and thus evade payment of both sales tax and income tax. The number of registered coffee dealers has risen from 450 to 2,400. Their number should be restricted to genuine bonafide roasting establishments."

These extracts of evidence showed some of the defects in the existing trade channels. Consumer co-operatives have not yet grown adequately to take charge of the entire distribution. In the meanwhile, the solution lay in regulation of the existing private trade. The taking over of the control of the industry by the government in the new Act and the appointment of an official Chairman under the new Act have helped to stiffen the present set up to protect the interests of the consumer. Since the appointment of an official Chairman, a greater control is being exercised over the trade. The list of wholesalers' who bid in auctions has been scrutinised and inconsequential delears have been removed from it. Returns from dealers have been systematised. A ceiling over the price bid in auctions has been fixed. A dealer has to depoist Rs. 20 per cwt. before he is permitted to bid in auctions. The coffee Board has instructed its marketing officers to withdraw lots for which bidders combined and bid at the same price (Circ. No. 3855 of 8-2-'54). By another circular (777 of 17-8-'55) it has made it a condition of the permit issued to dealers that they should not purchase coffee from dealers bidding in local auctions and co-operative societies. The solution lay in providing necessary regulation whenever unfair practices came to the front. The Chairman may find it easier to regulate trade if the marketing committee had two additional representatives, one representing roasters not combining in himself

the interest of a producer and or wholesale trader, and a dis-interested expert (the expert will be an expert on marketing of commodities but unconnected with the coffee Trade and Industry—as for example, an expert from government Marketing Organisations) appointed by the government. There will then be 5 representing producers, 2 traders, 2 consumers and one roaster and one expert with the official Chairman as the Chairman of the marketing committee.

27. The different kinds of coffee have a price differential point value fixed in 1950, which is in force at present. This is described in later paragraphs. In this paragraph, we deal with the assessment of the value of coffee according to quality. Not all coffees are of the same quality. The samples of big growers are forwarded by the pool agents for assessment by the coffee Board. The staff of the Board who form the assessors are authorised to award 8 points plus and 8 points minus over the points value fixed per cwt. for plantation 'A', Arabica cherry flats and Robusta cherry flats at 80, 68 and 52 respectively for fair average quality. The final and full payment to growers is based on a separate differential scale which is described later. This system applies only to big growers. The small growers' coffee which is delivered to the pool depots never gets a plus over the points of fair average quality. They may get a 'minus' but not a 'Plus'.

Valuation of coffee.

The payment to the grower is made for the total number of points awarded for his coffee. The greater the number of plus points awarded over those for fair average quality, the less will be the average point value for final payment. The small grower who never gets a plus point can only get points for F. A. Q. or less. Consequently his share of the realisation is reduced.

One should normally expect that the proportion of plus points out of total points value given by the assessment committee of the Board will be less than those for F. A. Q. If this proportion is inordinately high (more than 60%), it only meant that F. A. Q. was pitched too low or valuation was much too liberal. Recent assessments which have produced 70 to 85% points for "F. A. Q. plus" coffee out of the total points awarded are a puzzle.

The award of more plus points may also be due to more efficient curing. It was represented to us that the same type of coffee was valued with plus in respect of one pool agent and as F. A. Q. or minus in respect of another pool agent. The liberal valuation may also result from the samples sent for assessment being better than what is really justified by the outturn. In as much as coffees are bulked with plus one and minus one with F. A. Q. and of different regions, it is not always easy to find out after the grant of the plus points by the assessing staff, whether the sample and the coffee in storage tallied. This award of plus points made up for big growers what they lost in the average value of the point. When this plus proportion was three-fourths of the total number of points to be paid for, the small grower suffered by having to take a lower average value per point.

Certain other facts also emerged from a study of the points scored for coffee by pool agents. The five big A-class pool agents-cum-curers got points in 1953-'54 on coffee delivered to the pool as shown in the first group in the Table below:—

TABLE LXII.

Table showing percentage of F. A. Q. points, over F. A. Q. and points below F. A. Q. in relation to the total number of points awarded to big growers in 1953-54.

Name of curer	Percentage of the total points.			Percentage of total tonnage.			Proportion of tonnage of 'over FAQ' to the total tonnage of 'over FAQ'
	F.A.Q.	Over F.A.Q.	Below F.A.Q.	F.A.Q.	Over F.A.Q.	Below F.A.Q.	
1	2	3	4	5	6	7	8
First Group							
A.	10	79	11	12	74	14	32
B.	16	71	13	19	67	14	18
C.	10	85	5	13	82	5	19
D.	14	74	12	14	71	15	6.8
E.	9	77	14	10	75	15	5.5
Second Group							
F.	11	70	19	10	70	20	6
G.	14	66	20	13	73	14	4
Third Group							
H.	34	48	18	36	42	22	1.7
I.	23	44	33	23	40	37	5
Fourth Group							
J.	63	23	14	63	23	14	0.5
K.	57	22	21	56	19	25	0.3
L.	70	23	14	70	22	8	0.07
M.	55	16	29	55	17	28	0.2

(Source:—Coffee Board).

The 5 concerns in the first group held 81.3% of the total tonnage which was awarded points over F. A Q. Secondly plus points scored over the F. A. Q. ranged between 71 and 85% of the total number of points. If

we compare the proportion of the tonnage which got points over F. A. Q. to the total tonnage the 5 concerns showed a percentage ranging from 67 to 82. The second group of A-class pool agents-cum-curers who had a higher percentage of plus points over F. A. Q. comprised two concerns. They came near to the first group. The third group comprised two whose percentage are also shown in the table. The fourth group comprised two private concerns and two co-operatives. The percentage of 'plus' points to total points or tonnage which got 'plus' points over the total tonnage was about 20% in the last group and about 45% in the third group.

If we compare the percentage of 'plus' points over F. A. Q. for the big five between 1952-'53 and 1953-'54 they increased as shown below :

TABLE LXIII

Table showing percentage of 'plus' points over F. A. Q. to total points in 1952-'53 and 1953-'54.

Name of curer	1952-'53	1953-'54
1	2	3
A.	73	79
B.	68	71
C.	71	85
D.	65	74
E..	74	77

This showed an increase in 'plus' points over F. A. Q., due perhaps to an improvement in quality, or a personal equation in assessment, or perhaps to the inherent difficulty in being impartial when working under a marketing committee comprising some of the pool agents. One of the second group of two which came to the near big five did not show any increase while the other showed a decrease of 7% in the proportion of plus points over F. A. Q. The third and fourth groups did not show any significant increase during these two years.

These figures certainly showed that there was a case for investigation whether the valuation of coffee as F. A. Q. with plus and minus points according to quality was properly done at present. The responsibility for assessment should be on a committee of the Board and not on the office staff. A producers' committee may overvalue, while a traders' committee may under value. So the committee should contain representatives of both sections. The committee also should assess the samples on the spot at the curing centres. Grading inspectors working in consultation with local committees comprising 2 producer and 2 trader representatives may value the coffee as F. A. Q., F. A. Q. plus, and F. A. Q. minus. Appeal should lie to a committee of the Board comprising of the Chairman and two representatives of producers, and two of traders.

28. A basic price for different types of coffee has to be fixed for two purposes. A grower has to be paid an advance and should not be asked to wait until realisations are made. Secondly, in order to secure at least a minimum price covering cost of production and a return on investment to the grower, a basic price for sale has to be fixed below which no bid will be accepted. This price should be based on the cost of production of the two main types. Actually this basic price for different kinds of coffee Plantation 'A', Arabica cherry flats and Robusta cherry flats has been fixed since 1949-'50 on a price differential scale of 80, 68 and 52 points respectively per cwt. for fair average quality. The Board decided in 1949-'50 that this price differential should be based as far as possible on costs of production. What they have actually done is to take Arabica Plantation as the basic type with a constant figure of 80 points per cwt. of F. A. Q. and to give points for the other types according to their "quality" or relative market performance without attempting to determine the respective costs of production of the different types.

Fixing the price to the grower-Basic price

The fixing of the final price to the grower will be a great deal lightened if the formula for this purpose did not give room for constant controversies and their consequent readjustment. The formula for final payment should be such that ordinary grower should be able to satisfy himself that he gets a fair deal in the price paid to him for his coffee. On its proper fixation depends a just distribution of realisation in respect of grades, quality and types of coffee delivered by growers. The price so fixed affects the source of livelihood of a large number of grower.

Fixed price.

A proper method is necessary to divide the realisations from sale after meeting the expenses. One method would be to divide the net income from sales in the same proportion of points per cwt. provided for the three types of coffee in the price differential scale namely 80, 68 and 52. But one type of coffee might have brought more money into the pool than another. Hence fairness required that what each type of coffee brought into the pool should be divided among its growers. It is argued that this again would not be fair, for a certain type of coffee which was exported would have realised more value and this would be shared among one set of growers only while in fact everyone should have a share in this export price. The same might happen in internal sales too. So the Board in May 1950 devised a formula for making final payments to growers based on the value which each type of coffee brought to the current season's pool adjusted according to certain broad principles. The formula based on these principles as adopted in 1949-'50 is given at the end of this Chapter. This formula however worked without much hitch in 1949-50, 1950-51 and 1951-52. But in 1952-53 and 1953-54 it was found that the Arabica cherry growers stood to lose if the above formula was adopted. Payments were therefore made in these two years by dividing the total sale proceeds by the total number of the points awarded to all the growers, finding the points value and paying the growers according to the 'price differential scale'. For 1954-55, the marketing committee decided in July 1956 on a new formula in modification of the 1949-50 formula. The modifications that have now been made on the formula of May 1950 are discussed below. The old formula did not divide the export gains as adjusted in a certain manner (Vide Statement 'A' for the formula) in the ratio of the price differential scale of 80, 68 and 52. What it did was to give straight away credit of this 'surplus' to each type of coffee in proportion to realisations adjusted on certain principles. The Board felt that the old method of sharing the 'surplus' failed in giving a fair proportion according to the types of coffee. The new formula has therefore provided

that the 'surplus' arising from the export sales should be divided in the same proportion as the price differential scale so that the relative price status given in it might be duly reflected in this sharing. Under the new formula, those types of coffee which did not contribute to the formation of the 'surplus' to the same extent as Arabica would be getting less and Arabica would be getting a higher share than according to the previous formula.

The evidence on this subject of price differential was as follows:—

Evidence analysed.

"Arabica cherry growers claimed that the cost of producing cherry was almost the same as plantation 'A', and the price differential should be increased from 68 to 72. The complaints of growers was that as their whole crop cherry was bulked with strippings of big growers, they lost in quality and bulk because of lower quality. A separate differential price was necessary for Arabica whole cherry".

The Board said in their evidence:

"No radical changes have been made in the price differential scale for some years although the price of Arabica cherry has fallen considerably during the last two years. This indicates that a change in the price differential scale may be necessary."

A Planters' Association said that

"Difference in points between plantation and Robusta in the price differential scale can be based on the actual cost of producing each type of coffee. It would appear that the basis for making final payment to growers cannot be in accordance with any definite formula but should be based on the price differential scale with any obvious adjustments which the marketing department of the Board consider necessary after taking all factors into consideration at the end of the season".

An Association of Robusta Planters' represented:

"If the basic price was placed higher, Robusta would fetch a better price in the auction. Robusta cherry got less points than even Arabica cherry strippings. Robusta formed a substantial portion of total production and so should be marketed separately and the amount realised should be distributed among Robusta growers."

These extracts of evidence and the experience in the working of the price formula show that there is a demand for calculating the basic price on the cost of production of each type of coffee and not on the present price differential scale.

As stated earlier in this paragraph, the Coffee Board has adopted the method of finding out the cost of Arabica type and fixing a basic price for it and relating the prices for other types at a certain proportion to it. The present proportion is 80, 68, 52 and 57 for Arabica Plantation 'A', Arabica cherry flats, Robusta cherry flats and Robusta parchment. These proportions, to be fair, should be based on the cost of producing each type and not of one type only and will require periodical revision according to changes in cost of production. The formula of the Board itself says that the price differential scale should be based as far as possible on costs of production. But the price differential scale fixed in 1949-50 was not based on the costs of production of different types; nor is the differential periodically changed in proportion to the relative differences in costs of production among the different types of coffee.

The reason why this integrated price differential for two entirely different crops has been adopted required examination. Growers' coffee is assessed according to grade and quality and points awarded to each grower by the assessment committee already mentioned at the time of delivery to the pool. At sales, each type of coffee brings a certain realisation. The realisation may be divided by these points and each grower may be paid according to the points awarded to him for his coffee. This is an understandable, fair and easy formula. But the method of paying the growers of different types of coffee a price determined by a fixed price differential scale prevents them from getting the market price which may be less or more than under the price differential scale. To this extent it is an unjustifiable practice adversely affecting the growers of coffee other than Arabica.

The price differential scale has another effect on realisation by growers other than Arabica. The basic price determines the basic release price for sales. The basic release price in its turn influences the actual realisation in auctions. It is what is realised in auctions that goes to the grower. Hence what growers will get is influenced by the basic price. But the basic price of each type of coffee is not now dependent on costs plus return on investment for each type as it should be, but is related to costs of Arabica. In this process what may happen is that a lesser basic price may be fixed for one type of coffee than what is warranted on the basis of its cost of production plus return on investment. This is another possible undesirable result of the existing price differential scale.

There are other problems too in the sharing of realisations. The realisations arose from what merchants paid in internal sales and exporters paid in external sales. Arabica is exported more than Robusta. Arabica growers wanted a greater share of the 'surplus' export realisations, as they contributed to it. Robusta growers represented that export was possible because they satisfied the internal demand and hence they also should have a share in the export surplus realisation.

The Robusta growers' contention has been admitted by the Board and they are given a share in the export surplus. This 'surplus' is calculated on a basis which is tentamount to the fixation of an export quota for each type. The Coffee Board calculates outside the accounts the debits or the credits that are to be made to the realisation from total sales adjusted according to a formula (Vide statement 'A') and in this way the market performance for each category is modified. In the formula adopted in July 1956 (See statement B) a refinement has been further introduced by proportioning the export gain according to the price differential scale of 80:68:52. The application of the price differential scale intended for fixing the basic price according to costs to a sharing of export surplus which the market gave is a misapplication resulting in an inequitable distribution of the surplus. In this process the share of Robusta becomes less than under the old formula.

One other problem involved in the final payment relates to the loss in respect of allotments of coffee at the basic release price, to the coffee houses and co-operative societies. Arabica is distributed in larger quantities to them than Robusta. In consequence, Arabica grower loses more by the concessional price fixed for allotments. In order to achieve even-handed justice in sharing the loss, the 'over' and 'under' allotments under Robusta and Arabica are also taken into account in the formula of May 1950. In July 1956 this formula has been revised by the marketing committee of the Board. In the new formula the 'loss' to the pool on account of releases to co-operatives and the propaganda department at basic release price is calculated only for the actual releases made to these two channels. This is a fairer method than the previous formula. It is for the Board to purchase any quantities it needed at a conces-

sional price of any type of coffee for allotment to its coffee houses and co-operative societies. It cannot be compelled to purchase different types of coffee in the same proportion in which they are produced in the country.

The sharing of gains in Export Sales and compensation for loss on allotments to co-operative societies and the Propaganda Department form the chief items of contention in the question of final payment to growers. Later on in this Chapter, we recommend the abolition of the differential price to co-operative societies and the setting apart of the excess realisation in export sales over the average internal prices to a Reserve fund. When these are implemented, the problem of final payment to growers will also be greatly simplified. We therefore recommend that :

(i) The basic price for different types of coffee need not be based on an integrated differential scale based on a basic price for Arabica. It could be based for each type of coffee on its costs plus return on investment. The price so arrived at shall be the basic price for fair average quality of each type of coffee. Prices for grades and quality will be related to this price. The pool release price shall be derived from this basic price for each type of coffee.

(ii) For the purpose of distributing the sale proceeds, export of each type of coffee shall be valued at the prevailing internal auction price. This value and the amount realised on internal sales shall be pooled together for each type of coffee and distributed according to the points assessed for producers of each type of coffee on the basis of grades and quality.

(iii) Surplus in export realisation (actual export value minus calculated value for exports on the basis of internal auction value) should be set apart in equal proportions for a price assistance fund and a consumer subsidy fund. The reasons for this proposal are explained in a subsequent paragraph.

(iv) When once an expert staff is appointed to fix the costs, it might as well fix the basic price for Arabica plantation, Arabica cherry and Robusta on the basis of costs.

29. Closely connected with the mode of sharing the income from sales by growers is that of payment to the latter. The complaint is that delayed payments of price by instalments running over 12 to 18 months necessitates borrowing not only for the current crop but also for the succeeding crop. The following extracts of evidence indicated the difficulties of the growers in getting payments.

> "Payments were not made according to schedule, forecasts were not published giving the time of payments when departures are made from prescribed schedule, and the principle of utilising each season's pool proceeds to pay for that season's crop alone was not being acted upon......Delayed payments created hardships for weaker members.........No regular advise was given of the return which a planter can expect".

Many of these defects can be rectified; but even so, a grower could not get immediate and full payment according to the price differential scale unless the Coffee Board had adequate funds to pay. The Mysore Bank and the Central Bank of India financed the Board for this purpose at an interest rate of $4\frac{1}{2}$%. These loans were utilised to pay to the pool agents the amount required by them to distribute the pool dividends to the growers. There were many places in the coffee areas where the Mysore Bank and Central Bank had no branches. So the Board drew the loan from these Banks and credited it to their account in some branches of the Srate Bank to facilitate payments to pool agents. During the period between payment to the grower by the pool

agent and the date of receiving the loan the Board had to pay interest which could be avoided if the State Bank could finance it. Auditors of the Board objected to payment of interest on loans which remained unused for a period. The State Bank should finance the Coffee Board for payment to growers at a lower rate of interest than what is charged by other commercial banks. The loan would be fully covered by produce which was not perishable in a short time. With each auction sale, the instalment of the loan would be returned.

Bulking methods.

30. One of the defects in the preparation of lots for auctions that was brought to our notice was that a lot for which a miuns one point valuation is given is bulked with a lot for which 'plus' value is given along with F. A. Q. coffee. A homogeneous mixture does not result thereby. A random sample taken out of this bulking for exhibition in sales may not be a representative sample.

The present method results in a strange situation in which having sorted the coffee, graded it and valued it, some grades are again bulked together thereby degrading or regrading the sorted coffee. Two representations were made to us about the lower price resulting from mixing of varieties of coffee. One was that whole crop Arabica cherry of the small grower was mixed along with the strippings of the big grower resulting in a lower value for the former.

Another was the following :—

"The quality standard of the Arabica plantation coffee is going down as a result of bulking of coffee of good and bad estates. But when the grades of each estate are separately exposed for sale the superiority of the quality of each estate over the other and the skill of each curer when each of them cures the coffee of the same estate will be clearly manifest".

Coffees of the same grade or valuation or same area of origin should not be mixed with others in bulking. Coffee produced in certain areas are preferred by some buyers who would be prepared to give them a premium valuation. Also in the catalogues the area of origin of coffee and the plus or minus points over F. A. Q. should be given.

Defects of implementation-Complaints of the trade.

31. The trade has complained that pool sales were not held on fixed dates, that some times they got only insufficient notice about the lots to be auctioned that printed catalogues were at times available only two or three days before the auctions, and that the types and qualities put up for auction varied within wide ranges between one auction and another. They further complained that it took sometimes 45 days for arrival of purchased stocks during which time price fell, that descriptions were not proper in the auctions, more weight for coffee lots were shown in the catalogue while only less was delivered, and thus there was no provision for compensation when the Board exposed a wrong sample. The sale catalogue was misleading when minus points below F.A.Q. were not mentioned in the bid form. Small merchants in Coorg represented "investment in coffee trade was not remunerative and so very few bid in the pool sales. Central Excise rules restricted movement, and the consequence was that the public got only highly adulterated coffee powder". Camplaints were also voiced that very often the deliveries of coffee made did not accord with the samples on the basis of which they took up lots at the auctions. They said that in such cases though they could refuse to take the lots and force arbitration proceedings, it was a costly procedure as they had to deposit a substantial portion of the value of coffee before arbitration was started.

In order that auctions may serve the needs of the industry and trade, it is necessary that they should be held on fixed dates. For the covenience of trade it could be held at 4 or 5 different centres by rotation. The auction catalogues should be printed and supplied to registered dealers at least a week in advance. The samples of the lots should be available for inspection simultaneously. Each lot should be of one grade and of the same area of origin. The areas of origin should be indicated against each lot. Lots of large size should be broken up to smaller sizeable lots to serve the needs of the buyers. There should be a basic price for each lot depending on its grade as fixed in the valuation of samples by the Board.

Conflicts in administration

32. The Board represented two conflicting interests. The producer would like to export more. He was for reducing the buffer stocks, so that the cost of storing might be reduced. The consumer representatives in the Board always insisted on a two months' stock to meet internal needs. One of the causes of high prices has been insufficient buffer stocks. Want of necessary carry-over aided market pressure resulting in inflated prices. On the other hand, excess buffer stocks meant more costs and hence a lower price to the producer.

Secondly, the producer might like a frequent change of policy regarding monthly releases so as to get a higher price in auction. The consumer and the roaster were concerned with a regulated flow, not only of quantities, but of different varieties. The roasters represented that in the absence of regulated monthly release they were starved of inferiors and Robusta necessary for different blends.

Thirdly, the producer interests of the Board might exaggerate crop estimation so that more might be exported and a better price obtained. The excise staff could not be of much help as they would generally underestimate so that they might avoid an explanation when there was a lower crop than their estimated crop. Crop estimation which related to collection of accurate data is hardly a subject for a majority vote by a producer dominated marketing committee. In this connection, the following extract of evidence is noteworthy :

> "When exports are based on forecasts of outturn at the biginning of the season, a strict and independent scrutiny of such forecasts was necessary. When producers interested in exports made such forecasts they naturally exaggerated them".

In assessing the required buffer stock to meet the internal consumption until the arrival of the new crop and the quantity that should be set apart for internal release and exports, crop estimation played an important part. Over estimation resulted in more exports and less quantity being available for internal consumption. Crop-estimation therefore should be greatly improved. Small holders should be trained in sending proper estimates, and a paid staff alone should perform this service and not a committee dominated by producers. With the growth of co-operatives among small holders and the aid of the advisory staff, crop-estimation on which depended, regulation of coffee releases for the market should improve in the future.

Local auctions.

33. The object of conducting local auctions, revived since July 1952, according to the Board, was 'for the benefit of small retailers, roasters, hotel-keepers, canteens and bringing down the rising prices'. The administration of local auctions should be viewed from this objective. According to the annual report of the Board for 1954-55 the narrowing of the gap between the pool release prices and pool auction prices and the pool auction prices and

the market prices have been achieved, and they therefore recommended the closure of local auctions. The Government of India was against the proposal. Hence the Board discontinued the local auctions where sales were poor and retained them only at 10 centres instead of 14. But the sales did not show a decrease as a result of reduction in the number of centres of local auction. Plantation sales increased in these centres between 1953 and 1954 from 695 to 1,095 tons (an increase of 60%), Arabica cherry decreased from 146 to 91 tons, and Robusta cherry increased from 1,245 to 2,190 tons (an increase of 56%). This increase was despite the closure of local auctions in 4 important consuming centres Mangalore, Coimbatore, Kozikode and Chikmagalur.

One of the reasons advanced for the closure was that the difference between pool release price and auction price has narrowed. The figures, however, show that there is still a gap.

TABLE LXIV

Table showing the pool release price and the amount fetched in Pool auction for Plantation 'A'.

'A'.

Year	Pool release price in Rs. per cwt.	Amount fetched in pool auctions (Calender year) in Rs. per cwt.
1	2	3
1947-48	154- 0-0	203- 0-0
1948-49	159- 8-0	184-10-0 (1949)
1949-50	160- 8-0	187-1-0 (1950)
1950-51	173-12-0	213- 9-0 (1951)
1951-52	209- 4-0	251-11-0 (1952)
1952-53	195- 8-0	219- 4-0 (1953)
1953-54	195- 8-0	250- 0-9 (1953-54)

Source:—Coffee Board's Annual Report.

The second reason for closure of local auctions was that the gap between the pool auction price and the market price has narrowed. The excessive margin between these two is shown in the chapter on retail distribution.

Local auctions have served a very useful purpose and we recommend that it should continue as one of the established channels for releases of coffee. The object in maintaining them is to steady the price at pool auctions by direct sales to retailers in small lots at centres of consumption. The quantum of sales by these centres is not the factor to be considered. Their very existence stabilised the bids in pool sales and helped big dealers to think twice before they bid too high.

If the small retailers and big consumers should get coffee at a fair price, the basic price at local auctions should not be higher than that in pool auctions. The costs of direct delivery of coffee at local auctions have of course to be

covered. But the Board made a profit of about Rs. 4 per cwt. by levying Rs. 10 per cwt. as administrative and transport charges for local auctions. There is no reason why the actual charges should not be recovered from the party instead of a standardised charge for all local auctions. The consequence of increasing the basic price by Rs. 10 per cwt. for the local auctions was that it made it cheaper sometimes for retailers to buy from wholesalers direct. What was started as an institution to counter-balance major pool auctions was thus burdened with a higher basic price, thereby largely defeating the very purpose of local auctions. Four important local auction centres where coffee is consumed have been closed. In these centres are located pool agents. If local auctions were continued to be held here, the Board would have been benefited as they would not have had to incur transport charges for the coffee auctioned locally and the dealers also would have benefited as they would be saved the cost of transport for their purchases which they have now to make at other centres. These local auctions are institutions in which the consumer is interested, but so long as he had no effective voice in the marketing committee, local auctions would hardly be fostered except when Government compelled the Board to maintain them.

The utility of local auctions from the consumers point of view will be evident from the fact that wholesalers recognised that local auctions coffee was sold at lower prices to retailers and thus prevented the wholesalers from selling at high profits. This is evident from the following :—

A Dealers' Association represented :—

"From the above figures (Rs. 225 local auction price as against Rs. 225-12 landed cost of coffee on pool auction price) it is very clear that the retailers will prefer to buy coffee from the local auction rather than from a registered dealer as he would thereby get his requirements ready and cheap......In view of the cheap prices and plenty of good coffee available at co-operative societies and propaganda department, the consumers will naturally prefer to buy from such institutions......Local auction coffee devoid of second sales tax is definitely entertaining from the point of view of the roaster-buying."

A Chamber of Commerce represented :—

"Even the release price in local auctions are not very helpful to the Board, traders, and planters to stabilise prices as they are much lower than the pool auctions prices."

To conclude, local auctions as near as possible to storage centres of the Board should be conducted in more places. The transport charge should be collected from the bidder. There should be no double recovery of administrative charge, one in the name of local auctions, and another in the name of marketing charge per cwt. The basic price should be the same for both local and pool auctions.

Other Marketing Agencies.

34. In order to steady the price for the consumer, coffee is also alloted at the basic release price to co-operative societies and propaganda department of the Coffee Board. But Co-operative consumer societies are not yet spread sufficiently over consuming areas. Of course, the policy has been laid down for the states to promote co-operatives. The industrial policy said "the principle of co-operation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along co-operative lines."

According to the Second Five Year Plan, "although tragets for developing the consumer's co-operative movement have not been worked out so far, it is

recommended that problems in this field should receive closer study and programmes worked out. The close linking of producer co-operatives and consumer co-operatives will be an important factor for increasing rural incomes and employment and raising rural levels of living."

State Governments will be shortly implementing these policies. Today, the co-operatives depend for their success on the voluntary response of consumers to combine. Such a response may not be available uniformly everywhere without active state encouragement.

Much reorganisation will be necessary in the co-operative sector to put the societies on the right road to progress as recommended by the Rural Credit Survey Committee. The responsibilities of supervision will be more effectively exercised by the concerned bodies and the Coffee Board should undertake this task.

The present approach of the Coffee Board to this question is based on their experience of the existing type of co-operatives which have not been reorganised to satisfy national needs. The Board should co-operate with the new policies and plans.

Co-operatives have also another role to play. They are emergency instruments which are of considerable use to protect the consumers in periods of scarcity when trade profiteered. They should not be judged merely by the amount of business they do but by the moderating effect they had on the prices likely to be charged by the trade in their absence.

There does not appear to be any substantial concession in price for co-operatives as is claimed by the Board. The advise of government to sell coffee to co-operatives at pool basic price has no doubt been adhered to by the Board. Trade bought coffee at a slightly higher price of about Rs. 25 per cwt. in auctions. But for coffee sold at a lower price to co-operatives, the Board fixed the retail price for coffee powder (Plantation 'A') at Rs. 2/9/6 per lb. while it sold the same in its own coffee houses at Rs.2/12/- per lb. Private trade sold at rates ranging between Rs.2/12/- and Rs 3/1/- per lb. (1953-54 Annual Report of Coffee Board). Co-operatives therefore had no special advantage over private trade. Coffee houses had, as they got coffee at the pool basic price but could sell its powder at about the same price per lb. as retailers. In our view, there is no case now for any difference in the price at which the Board sold coffee to one sector and another. We recommend that co-operatives should be alloted coffee only at the prevailing pool auction price. Facilities to co-operatives should come through other ways than price concessions.

The other marketing agency of coffee is the coffee houses maintained by the Coffee Board. They sold powder and beans in retail and their working is discussed in the chapter on Consumption and Exports.

Fair price for the producer

35. To what extent price to the consumer is fair is dealt with in the chapter on Retail Distribution. We shall examine in this chapter whether the price paid to the producer is fair. In an earlier para, we pointed out the defects in the present method of estimating costs of production. The costs calculated for big companies and proprietors alone would not be representative. They were high and hence the basic price and final payment to the grower would also be high. In this method of calculation, the small and the medium grower, who generally spent less, will get a higher return than is warranted by his costs if he had a yield of round about 3 cwts. In so far as the costs are estimated by big producers in the

Board, and the profits they make are dependent on them, the tendency will be to pitch the costs to the maximum.

The recent reductions made in basic price during the last 3 years has no doubt brought it to a level to approximate to fair costs of production. But the grower not only got the basic price on the basis of these costs but also a final price which was higher by about Rs. -/4/- per points or about another Rs. 20 per cwt. (vide table in the para on local auctions). The price paid to the producer on the basis of present costs was therefore quite adequate.

When fixing the basic price, a return for investment is also calculated. According to our proposals, every estate should contribute to a replanting fund so as to enable it to maintain its trees at a fair level of efficiency by renewing them every 40 years. An annual sum equal to replanting 2½% of the area each year will have to be put by. At a cost of Rs. 1,500 per acre for replanting, the sum to be set apart would be of the order of Rs. 37/8/- per acre. The Cost Accountant (vide his report 1953) has made a provision of Rs. 24 per acre (Rs. 8 per cwt. for an acre yielding 3 cwts.) The return that is calculated on the value of the fixed assets should include not only interest on working capital but also fair remuneration for management and provision for reasonable reserves. This return as calculated by the Cost Accountant at Rs. 34/5/- per cwt. does not appear to cover all these costs. But as the final price paid to the grower was higher by Rs. 20 per cwt. than the basic price, one should expect these additional costs to be covered by the final price.

At the same time, however, labour costs were bound to increase in the coming years. Minimum wage was low in this industry in Coorg and Mysore, and also in Madras when the worker was treated as of grade II. Whatever costs are necessary should be incurred on labour. As the industry catered mostly to internal needs, the question of the Industry's capacity to compete in the international Markets will not arise. The new expert body proposed by us to fix costs for assuring a price to the grower will no doubt take due note of all these elements in costs.

Reserves for price assistance and consumer subsidy.

36. There is another factor to be considered in fixing the price to the producer. In the year 1952-'53 Arabica cherry fetched a lower price in the market than the price differential based on costs of production. Though some points were added to Arabica cherry out of the price fetched by other types of coffee, producers of coffee other than Arabica cherry resent their being asked to make up this difference. On the whole, however, ever since the Coffee Board undertook the collective marketing of coffee, the sales realisations have been more than adequate to pay the producer a price based on costs and return on investment. But in a fruit crop like coffee subject to variations in supply due to the nature of the crop, untimeliness of blossom showers, and weather conditions, production cannot be regulated as in other industrial products. Coffee prices may fluctuate. Already the fall in the price of Arabica cherry below cost price in the year 1952-53 is an indicator of the need to cover losses in years of low price and assure a minimum return to the grower. The need for a price assistance fund is inherent in the nature of the crop. This fund should be built up as is done by Coffee Boards in East Africa. Without levying a rate on the producer or increasing the price to the consumer for the building of this fund, it is possible to achieve this by a readjustment of the distribution of sales realisations to the grower. At present, the windfall from the export auction price is added to the pool realisations and distributed to the producers. Producers should have no cause for complaint

if high quality export coffee fetches them only the best price equivalent to what is fetched in the internal market. The surplus realisation from export does not arise as a result of any special effort of the producer. The present sharing of this surplus among the producers is realy a sharing of an income to which they alone are not entitled. The rubber grower gets a price fixed by government on the basis of costs and returns on investment and nothing more. The coffee producer is not only paid a basic price on the basis of costs and a fair return but is also assured of it from year to year. It would be, therefore, fair if an amount equivalent to what is fetched in internal auctions sales only is credited to the coffee pool in respect of export sales to be shared among the producers. The consequences of appropriating the surplus profit from exports for distribution among the producers instead of setting it apart for a Reserve has been an excessive distribution and repatriation of profits and an unhealthy wrangle among producers of different types of coffee for a greater share in the export surplus. The surplus should be used for the following purposes. We recommend that half the surplus resulting from exports should be kept as a special price assistance Fund to be drawn upon to make up the loss when the Board is at any time unable to pay the basic price based on costs plus return. The other half should be available for helping the Indian consumer to get coffee at reasonable prices.

There is also another source of surplus income for the Board. There is a gain in weight in storage which is not due to any contribution by the grower but is the consequence of absorption of moisture in storing. The following figures showed the gain-in-weight and its value for two years:

Year	Gain-in-weight (tons)	Loss-in-weight (tons)	Net gain (tons)	Approximate value in lakhs of Rupees
1	2	3	4	5
1951–'52	162	17	145	6.5
1952–'53	206	36	170	7.6

This surplus should also be utilised for the same purposes as the surplus accruing from export sales.

When once these amounts are set apart towards the price assistance Fund, and for consumer subsidy it will naturally reduce to this extent the final return to the grower. But it would be reducing only the large export profit of recent years and surplus due to gain in weight. All the same, there will be a small reduction in the amount received by the grower for his coffee. And to the extent this reduction may not cover the additional costs mentioned in a previous para the basic price to the grower will have to be increased.

Coffee is a wayward and costly crop and the consumer has to recompense the producer who produces it for his beverage. The average Indian consumer habituated to coffee cannot pay a high price for his coffee. Quality coffee can be paid for only by those in the high income groups. The Ordinary consumer has to be supplied with cheap and wholesome coffee which will be within his means. This has been dealt with in the chapter on Retail Distribution.

Formula for final payment (1949-'50)

The final payment should be based on the value brought by each type of coffee into the pool subject to adjustments according to the following formula:

(a) The Indian Coffee crop is made up by the varying proportions of three main types of coffee:

Arabica Parchment,
Arabica Cherry, and
Robusta.

(b) That the differential Scale be fixed as far as possible in proportion to the cost of production of each type of coffee and is to be the medium for all interim payments to growers and for fixing minimum prices in the Indian market.

(c) That the final payment to growers must be based on the value which each type of coffee has brought to the current season's pool adjusted according to the following four principles, a separate differential scale being prepared for the final payment:—

(i) Each type of coffee is normally entitled to or liable to an export quota of the proportion that the tonnage of each type bears to the total tonnage of the crop.

(ii) Each of these types of coffee is similarly liable to or entitled to a Home Market quota and internal allocation at basic prices in the same proportion that the tonnage of each type bears to the total crop tonnage.

(iii) All actual receipts from sales, therefore, must be subject to the adjustment of either 1 or 2 when calculating the value per cwt. which each type of coffee has brought to the pool.

(iv) The relative value per cwt. will give the points on which the final payment will be made.

Formula for final payments as approved by the marketing sub-committee of the Coffee Board in July 1956.

"(a) The Coffee crop in India is made up in varying proportions by three main types of coffee viz :—

(1) Arabica Parchment,
(2) Arabica Cherry, and
(3) Robusta.

(b) The price Differential scale shall be fixed as far as possible in proportion to the cost of production of each type of coffee and is to be the basis for all interim payments to growers and for fixing minimum prices in the Indian market.

(c) There shall be a minimum release price which shall be distinct from the minimum return expected to be paid to the growers. The former shall be based upon this Price Differential Scale.

(d) The direct allotments such as releases to the Co-operative Societies and Propaganda Department shall be at this minimum release price.

(e) The final payment to growers shall be based on the value which each type of coffee has brought to the current season's pool adjusted according to the following formula, a separate Differential Scale being prepared for the final payment :—

1 (a) Each type of coffee is normally liable to an export quota of the proportion that the tonnage of each type bears to the total tonnage of the crop.

1 (b) In the event of there being an excess of export over the quota calculated under (a) above, the surplus proceeds or loss brought into or caused to the pool by reason of "over-export" of a particular type of coffee will be determined by multiplying such excess by the difference between the average price realised in the internal pool sales and the average price realised in the export sales by that type of coffee.

1 (c) The surplus proceeds/loss brought into or caused to the pool by reason of "over-export" of one or more types of coffee will be distributed among the three types of coffee according to the Price Differential Scale prevalent at the beginning of the season.

2 (a) Each of these types of coffee is also liable to a Home Market quota and internal allocation at minimum release prices.

2 (b) In respect of direct allotments such as to Co-operative Societies and Propaganda Department, if the minimum release price for a type of coffee is less than the average pool sales price in the internal market for that type of coffee, then credit should be given for the difference between the two prices for the actual quantity of that type so released. No deduction shall however be made if the minimum release price for a particular type of coffee is more than its average internal pool sales price.

3 All actual receipts from sales therefore must be subject to the adjustments of (1) and (2) above when calculating the value per cwt. which each type of coffee has brought to the pool.

4 The relative value per cwt. after the above adjustments will determine the P. D. S. and given the points on which the final payment will be made.

(f) The difference of points between Robusta Cherry and Robusta Parchment may be retained in final Price Differential Scale also, the extra amount to be paid for the same being adjusted out of the Robusta Cherry realisations."

STATEMENT A

Statement showing the final value for point on 1954/55 season's crop worked out on the basis of the adjustment formula of 1950.

	Particulars		Plantation	Arabica cherry	Robusta	Total
1	Total Crop	Cwts.	2,07,220	1,11,640	1,65,160 9,220(parch)	4,93,240
2	Percentage of crop	%	42.01	22.63	35.36	100
3	Quantity allotted to Co-operative Societies and Propaganda Department	Cwts.	31,399	5,046	10,910	47,355
4	On the basis of (2) allotments should have been	Cwts.	19,893	10,718	16,744	+47,355
5	Over or under the allotment	Cwts.	+11,506	−56,672	−5,834	
6	Credit or debit each with difference between allotment and auction prices	Rs.	Cr.@Rs.12.38 +1,42,444	Cr.@Rs.9.96 +56,493	Dr.@Rs.10.62 +61,957	per cwt.
7	Quantity exported	Cwts.	35,014	30,700	5,002	70,716
8	On the basis of (2) Exports should have been	Cwts.	29,708	16,003	25,005	70,716
9	Over or under exports	Cwts.	+5,306	+14,697	+20,003	
10	Credit or debit each with difference between export and auction prices	Rs.	Dr.@Rs.58.06 −3,08,066	Dr.@Rs.96.47 −14,17,819	Cr.@Rs.56.78 11,35,770	per cwt.
11	Net credit or debit for allotment and exports	Rs.	−1,65,622	−13,61,326	+10,73,813	
12	(a) Sale proceeds realised including miscellaneous receipts	Rs.	3,96,53,492	1,85,55,561	2,18,73,589	8,00,82,642
	(b) Sale proceeds after adjustments for allotment and exports	Rs.	3,94,87,870	1,71,94,235	2,29,47,402	
	(c) Quantity assessed and outright coffee	Cwts.	2,05,980	1,10,500	1,73,540	

STATEMENT A

Statement showing the final value per point on 1954/55 season's crop worked out on the basis of the adjustment formula of 1950. (Contd.)

(in Rs.)

	Particulars	Plantation	Arabica cherry	Robusta	Total
13	Adjusted value per Cwt.	191.71	155.60	132.23	
14	Ratio for final payment taking 68 points for Arabica cherry as basis (Rounded)	83.78 84	68 68	57.88 58	
15	Price differential Scale adopted for valuation of coffee	80	68	52	
16	Additional points for Plantation and Robusta according to revised Prices Differential scale	4.00	...	6.00	
17	Overall average of points for Plantation, Arabica Cherry and Robusta (secured on assessment according to the present Price Differential Scale).	80.50	65.75	52.84	
18	Overall points for Plantation, Arabica Cherry and Robusta according to the Revised Differential Scale	84.50	65.75	58.84	
19	Total No. of points	1,74,05,310	72,65,375	96,68,588 5,88,604	3,49,27,877
20	VALUE PER POINT		Rs. 2.29=Rs. 2-4-7.68		

Note:—If 80 points for Plantation is taken as the basis, the price Differntial Scale for final payment works out to 80:65:55; and the value per point Rs. 2-6-8.6. But as payment has already been made on the basis of 68 points for Arabica Cherry, this Price Differential Scale cannot be made applicable at this stage. So 68 points for Arabica Cherry has been taken as the basis for working out the Price Differential Scale according to the adjustment formula.

STATEMENT B

Revision of the price differential scale on the basis of the formula adopted by the Ad Hoc Committee of the Coffee Board in July 1956. 1954/55 Crop.

	Particulars		Plantation	Arabica Cherry	Robusta	Total
1	Total Crop	Cwts.	2,07,220	1,11,640	1,74,380	4,93,240
2	Percentage of crop	%	42.10	22.63	35.36	100
3	Quantity allotted to Co-operative Societies and Propaganda Department	Cwts.	31,399	5,046	10 910	47,355
4	Credit Plantation and Robusta with difference between allotment and average auction prices*	Rs.	Cr.@Rs.12.30 +3,88,720	... ...	Cr.@Rs.10.62 +1,15,864	per cwt. +5,04,584
5	Quantity exported	Cwts.	35,014	30,700	5,002	70,716
6	On the basis of (2) Exports should have been	Cwts.	29,708	16,003	25,005	70,716
7	Over or under Exports	Cwts.	+5,306	+14,697	−20,003	...
8	**Total debit for Plantation and Arabica Cherry calculated at the difference between Export and Average auction prices	Rs. Rs.	Dr.@Rs.58.06 −3,08,066	Dr.@Rs.96.47 −14,17,819	... ...	... −17,25,885
9	Allocate the excess amount in column 8 between Plantation, Arabica Cherry and Robusta in the ratio 80:68:52	Rs.	+6,90,354	+5,86,801	+4,48,730	...
10	Net credit or debit for allotments & exports (4+9−8)	Rs.	7,71,008	−8,31,018	5,64,594	...
11	Sale proceeds realised including miscellaneous receipts	Rs.	3,96,53,492	1,85,55,561	2,18,73,589	8,00,82,642
12	Sale proceeds after adjustment for allotments & exports	Rs.	4,04,24,500	1,77,24,543	2,24,38,183	...
13	Quantity of assessed and outright payment coffee	Cwts.	2,05,980	1,10,500	1,73,540	...

STATEMENT B

Revision of the price differential scale on the basis of the formula adopted by the Ad Hoc Committee of the Coffee Board in July 1956. 1954/55 Crop. (Contd.)

	Particulars		Plantation	Arabica Cherry	Robusta	Total
14	Adjusted value per cwt.	Rs.	196.25	160.40	128.64***	...
15	Price Differential Scale for final payment for 1954/55 season as per this formula		80	65.38	52.44	...
16	Rounded		80	65	52	...
17	Points according to the Price Differential Scale fixed at the beginning of the season		80	68	52	...
18	Overall average of points for Plantation, Arabica Cherry and Robusta secured on assessment according to the Price Differential Scale at the beginning of the season		80.50	65.75	52.84	...
19	Overall average of points for Plantation, Arabica Cherry and Robusta according to the revised price Differential Scale		80.50	62.75	52.84	...
20	VALUE PER POINT		Rs. 2.45	2-7-2.40.		

	Plantation.	Robusta.
	(Rs. per cwt. exclusive of Excise Duty and Pool Expenses)	
* Average Auction Price.	183.86	123.75
Average Allotment Price.	171.48	113.13
Difference	12.38	10.62

No adjustment for Arabica Cherry is made as the allotment price is more than the average auction price.

	Plantation.	Arabica Cherry.
	(Rs. per. cwt. exclusive of Excise Duty and pool expenses.)	
** Average Export Price.	241.92	234.24
Average Auction Price.	183.86	137.77
Difference.	58.06	96.47

*** The value of 128.64 is obtained after converting Robusta Parchment to Robusta Cherry for purposes of calculation in the ratio of 57:52.

CHAPTER XI

Marketing of Coffee-Retail Distribution in India

Introductory

In the previous chapter has been given a brief description of primary sales of coffee by the Coffee Board. These sales are the sources from which dealers and roasters get their requirements of coffee for retail sale. Co-operative societies which retail coffee get supplies from the coffee pool direct. Likewise the propaganda department of the Coffee Board which sells coffee to consumers through coffee houses also get their requirements from the coffee pool direct. Co-operative societies as well as the propaganda department which are intended to function as fair price shops for consumers get their supplies at the basic release price at which coffee is put up for auction.

Modes of distribution

2. Coffee is vended to the consumer either as beans or as powder in sealed tins or loose in packages. It has not been possible to collect statistics of the exact quantities retailed as raw beans and as powder. Table LXV shows the quantities of coffee purchased by six prominent coffee roasting packing and distributing firms for their retail trade. Besides these, there are a large number of other smaller firms and individuals who do roasting and packaging and distribution of coffee powder as well as roasted beans. Information about the quantities handled by them is, however, not available.

TABLE LXV

Table showing quantity of coffee purchased by six roasting and blending firms for retail trade during the three years 1951-53

Name of roasting and blending firm	Purchases of raw coffee made for roasting and blending (in tons)			Roasting and blending charges per lb. (in Rs.)		
	1951	1952	1953	1951	1952	1953
1	2	3	4	5	6	7
A.	387.0	305.0	528.0	1.25	1.81	1.26
B.	551.5	837.4	1013.6	1.21	0.74	0.65
C.	275.0	250.0	250.0	0.24	0.27	0.26
D.	52.7	73.4	33.8	0.21	0.35	0.41
E.	26.8	29.0	33.5	0.69	0.69	0.69
F.	695.8	638.1	519.5	N. A.	N. A.	N. A.

Source : Returns received from the firms.

The retail traders in coffee may be grouped under three distinct heads.

(i) Grocers who vend coffee in the form of beans or powder along with other groceries : Their number is now diminishing.

(ii) Dealers who deal solely in coffee who retail beans or roast and grind coffee and sell the powder in packets with their own brand names : This is becoming a large and growing group.

(iii) Large roasting and packaging establishments who package powdered coffee in the pure form and/or as blends in sealed tins having their own brand names : The number in this category is small.

As stated already in paragraph 1, the Coffee Board is retailing coffee at fixed prices through coffee houses. Till 1953-54, they were retailing only powder; but from 1953-54, they have started sales of beans also, in small packages to consumers. The price of beans is based on the basic pool release price. For powder, a price is fixed after making an allowance of 20% for loss of weight on account of roasting, profit and additional incidental charges. (*Vide* Annexure XXII)

Measures for market economics.

3. Unlike the tea industry whose fortunes are affected by the fluctuations of the overseas markets, the coffee industry in India is more fortunately placed, as the bulk of its out-put is consumed in this country where there is a growing demand for coffee in spite of the fact that coffee costs more per cup than tea. Having created a demand for coffee by propaganda and other means, a responsibility is doubtless cast on the Coffee Board to make coffee available at fair prices to the consumers. Price increase by trade is attempted to be prevented by the Coffee Board by adopting a number of devices. They are the following :—

(i) Supply (with the approval of government) of coffee to merchants at distant places who cannot participate in auctions which are held only at a few places in South India.

(ii) Fixing of a maximum price for bids at the auctions.

(iii) Holding local auctions by moving small lots of coffee to the consuming centres so that retailers may participate in them.

(iv) Licensing of bidders at the auctions and enforcement of returns of stock figures from them.

(v) Regulation of monthly releases.

(vi) Maintenance of buffer stocks and

(vii) Fixing a basic release price with the approval of government.

The above measures are in addition to the positive steps taken in distributing coffee through co-operative stores and the Coffee Board's own propaganda department for keeping prices down.

Distribution costs.

4. Coffee prices have been steadily rising over a period of years more steeply than for other commodities like tea or sugar, as will be seen from Annexure XXIII, which gives the wholesale price index of coffee, tea and sugar in the three years 1951 to 1953. The reason is not far to seek. Coffee is the one agricultural commodity which is subject to centralised marketing, arranged through a Board which has tried to get as good a price as possible for the producer. We have stated in para 6 that to prevent the consumers, being exploited by the dealers, the Board had to resort to a number of expedients, one after the other. These have served only to high-light the problem without giving any real relief to the consumer who, by and large has to depend

on the retailer in the bazar for his needs. High auction prices have also been responsible to some extent for adulteration in retail sales.

A study of distribution costs showed room for market economies. We have two sets of data for a study of the possible market economies. In Table LXV is given figures showing roasting, blending and other charges per lb. incurred by six concerns in the three years 1951-53. There was no uniformity in this expenditure between one concern and another. Even among the two big concerns A and B, there was a variation in charges of Rs.0.04 per lb., in 1951, Rs.1.07 per lb., in 1952, and Rs.0.61 per lb., in 1953. The smaller concerns incurred less charges possibly because they used paper instead of tin packing.

Another fact that has to be noted is that the price per lb., has risen between 1947 and 1953 as follows :—

Name of manufacturing concern	Description of blend.	Price per lb. during the year. 1947 Rs. As. Ps.	Price per lb. during the year. 1953 Rs. As. Ps.
1.	2.	3.	4.
A.	Pure coffee.	2- 2-0	3- 9-6
B.	Pure coffee.	2- 3-0	3- 6-0 to 3-13-0
	French coffee.	2- 2-3	3- 0-0 to 3- 7-0
	Dilkush.	1- 8-0	2- 2-0 to 2-12-0
F.	Pure coffee.	1-11-3	3- 7-6
	Coffee mixed with chicory.	2- 2-3	2- 7-0 to 2-12-6

It should be remembered that 1947 related to a year of control. It is not possible to say from these figures whether the increase in price between 1947 and 1953 is reasonable or not. It will depend on the blend and on the quality of the 'pure' coffee. Pure coffee may mean any of the several varieties which vary so widely in price and as for blends an increase in the use of low priced coffee in the blend may make great difference in the price. So long as the proportion of types of coffee in the blend is a trade secret, an assessment of the fair price of coffee powder will not be easy.

But there are certain other facts which indicate there is scope for reduction of the retail price of coffee powder. The retail market price of

coffe powder in 1953-54 ranged between Rs. 2/12/*- and Rs. 3/- for Plantation 'A'. The retail price of the same power sold in coffee houses run by the Coffee Board composed of 3/4 Arabica and ¼ Robusta was Rs. 2/12/- per lb. The Coffee Board has given a retail price structure showing how they arrived at a retail price of Rs. 2/12/- per lb., for coffee. The components of this structure show that certain costs in it might be reduced. It has allowed for a 20% deduction in weight as loss in roasting as against 12 to 15% mentioned as adequate in the marketing Survey Report of the Agricultural Marketing Directorate of the Government. Secondly, a freight charge of Rs. 3/8/- is allowed per cwt. which is not usually incurred to the full. Thirdly, a profit margin of 2 annas per lb., for the wholesaler and 2 annas per lb., for the roaster is allowed. The final price in the Price-structure is no more than Rs. 2/9/6. When this powder is sold at Rs. 2/12/- there is an additional margrin of Rs. -/2/6 per lb. The retail price structure referred to above is based on coffee being released at pool release prices. The roaster has to pay a higher price than the pool release price for his purchases. Even after making allowance for this, when he sells coffee powder at Rs. 2/12/- to Rs. 3/- per lb., he makes substantial profit. If the powder had more of Robusta than of plantation, the profit would be high er still. The threat of adulteration and the high consumer price should be reduced to the extent possible.

Evidence analysed.

5. The answers to the questionnaire indicated certain complaints with regard to retail distribution.

High Margins

It was represented by a Member of the Board that

"A margin of 25% was high for the trade and the trade should take steps to see that the retail margins were reasonable.........If this were not done, the Coffee Board should take steps to offer for sale its own blends or approved blends at the lowest reasonable margins in order to keep retail prices at the lowest possible level."

Favouritism in distribution and high profits.

Another representation was :

"Granting grinding licences to middlemen retail grinders, big growers, curers, and their allied concerns are dangerous since there is a likelihood of either the licensees or their employees doing either blackmarket trade or showing favouritism in distribution. A better portion of the profit is snatched off by the middlemen retail-grinders."

Sale of Robusta at a high price.

An Association of Robusta Growers said :

"Many of the members in the Board though considered to be representing *coffee planters* have more interest in business in coffee such as *curers*, *financiers*, *wholesale dealers*, *roasters* and *retail dealers* and it would be advantageous for them if they could get Robusta cheap and sell the same at a maximum retail price."..........."It is our considered view that even Robusta is sold at a fairly high price to the consumer and the middlemen is taking away a big profit."

Note :—* Refer to Coffee Board's Report.

Roasters' representation for chicory.

"Use of chicory was a definite deterrent against other forms of adulteration and without genuine chicory a certain section of the demand could not be met."

"Import quota for chicory was given to a few European firms, who were their competitors and they had to buy from them chicory at a high price."

Other representations.

"They were left to the mercy of quota holders and big merchants to whom they had to pay much more than the import cost for wrapping paper and tin quotas."

"We are having a good market for chicory-blended coffee tablets. The Government can assist with the help of scientists to preserve tablets long standing at least for six months without spoiling, adding sugar, saccharine or any chemical to give ample sweetness to the tablet."

A considerable section of Robusta growers were of the view that cheap coffee for Indian consumption might be made out of cherry and 25% chicory.

Mr. K. B. Mackenzie, M. B. E., Hunsur an experienced coffee planter states in his evidence :

"With regard to coffees offered for domestic auctions, if the reservation for domestic consumption is properly planned, the Marketing Board could announce very definitely that they would not necessarily accept the highest bids and at their discretion during the auction, the lot could be knocked down to the bidder at a price which, in their opinion, represents a fair basic price for the build-up of the price to the consumer."

"It is very simple for the Board, from the records they maintain and by a control of the prices bid in auctions as I have suggested above, to eliminate any undesirable elements from the auctions and to maintain a steady and low level of prices for the benefit of the domestic consumer."

Caterers and hotels.

"It is almost impossible, without very elaborate investigations into costs which, in my opinion, are not worthwhile, to regulate prices to be charged for the brewed coffee beverages. In the United Kingdom, with all the machinery at the disposal of the Ministry of Food, this task was not attempted."

Imports of chicory.

"In my opinion, the import of chicory should be freely permitted to enable poor consumers to obtain a palatable and healthful drink at a low price. In many parts of Europe where coffee consumption is at a high level per capita, chicory is used by itself as a daily beverage and is priced for its healthful properties. It is only when chicory is used in a greater proportion than should be necessary that it becomes an adulterant. Indeed, it is claimed by many coffee experts that the addition of a modicum of chicory brings out, or rather accentuates, the flavour of the coffee with which it is mixed. In the United Kingdom, for example, the maximum

addition of chicory permissible is 49% of the roasted and ground bulk and a quite substantial trade is done in such mixtures."

"If however, it is felt that it is desirable to limit the addition of chicory to below this proportion, I would suggest a mixture containing 25% of pure chicory. No other additive should be permitted."

These extracts showed the possibilities of high margins of profit, the difficulty of regulating distribution of coffee powder, the need for use of extenders as chicory, the place of coffee tablets in Indian consumption, the possibilities of a blend of cherry and chicory, and for a reasonably liberal issue of import licenses for chicory.

Distribution methods of the Board.

6. Reports of the Coffee Board, their proceedings and correspondence threw light on the working of distribution methods.

Between January 1944 and May 1946, the Board distributed coffee both to wholesalers and retailers at the pool basic price and a fixed margin of profits. The margin for the wholesaler and retailer was fixed and the consumer retail price was also fixed. A review of the working of this kind of control by the Chief Coffee Marketing Officer showed that the Board could not check black-marketing at a higher price to the consumer.

Wholesalers refused coffee to retailers except at a higher price than the legal price. The Board therefore resolved to sell coffee to retailers by priority and the remainder to wholesalers, but a proper planning of the supplies to wholesalers proved difficult.

Between May 1946 and March 1947, another device was tried. The retailers were asked to continue sales at the fixed price to the consumer. At the same time open auctions were adopted. The dealers bid for a higher price in the auction as particularly there was a short crop. The retailers had to buy from them at any price. They could not conform to the legal price for the consumer. To permit sales to wholesalers by auction at a price far above that for which the retailer is asked to sell and enforce at the same time a fixed price for the consumer proved anamalous.

Between March 1947 and January 1948 full control was introduced. The area of operation of each dealer was limited. The maximum price that would be accepted in sales by open tenders was notified. The available coffee was equitably distributed. But neither black-marketing nor artificial scarcity created by dealers could be stopped.

From January 1948 it was resolved that sales by tender to wholesalers should be stopped. Direct distribution to retailers was resolved upon by the Board. But as the policy of Government changed from control to decontrol, this resolution was not given effect to. Auctions were revived from 26th February 1948. Prices rose. As a check, two positive measures were adopted namely distribution through co-operatives and local auctions at select centres. There is no scheme of distribution one can conceive of, which the Board has not already tried. A scheme might fail as a result of inherent defects or defects in its implementation. We have stated elsewhere how local auctions are conducted in a half hearted manner.

Sales through co-operatives.

7. The following Table gives figures of actual sales to co-operative societies. It shows that direct sale to co-operatives have been showing tendency to decrease.

TABLE LXVI.

Table showing quantities of coffee sold to cooperative societies and the quantities sold by auction in the years 1948 to 1954

Year.	Quantities sold to co-operative societies.	Quantities sold through auctions
1	2	3
1948	4,441	10,380
1949	1,980	14,562
1950	1,738	14,279
1951	2,177	14,606
1952	2,439	13,959
1953	1,666	12,750
1954	1,161	19,107

Source: Annual Reports of coffee Board.

Special characteristics of coffee distribution.

8. The nature of the problems relating to coffee distribution should be fully grasped. At one end a statutory Coffee Board has been set up as the sole channel for marketing coffee thereby preventing a free market supply, while permitting free trade through auctions under certain limitations. The consumer has no scope in this system of taking advantage of free competition among producers. At the same time, controlled distribution if undertaken by the Coffee Board to balance the primary sale through a single channel, creates difficult problems of supervision. There was also the other problem that coffee powder is a distinctly different product from raw coffee beans and if control is exercised over the auction of raw coffee with a view to reduce excessive profit to the trade, some sections of the trade try to make it up by blendings or adulteration. It further claims the right of not letting the public know what quantum of different varieties of coffee beans which sell at different prices, has been mixed in the powder blend. With coffee transformed into powder, the efficacy of any method of control in regulating distribution is minimised. Positive constructive measures had however a definite place.

The cheap coffee scheme.

9. The middle class in South India for whom coffee is a favourite drink is forced on account of their low purchasing power to buy the cheapest variety of coffee. It is they who consume the bulk of the coffee distributed internally. They find it difficult to get coffee except at high prices. If they go in for cheap coffee what they usually get is adulterated stuff. It is necessary to ensure that consumers of moderate means get coffee of good quality at prices within their means if coffee promotion is to make headway. We therefore feel that the Coffee Board should start

a separate organisation for manufacturing coffee powder. A lower price for the consumer can be achieved if Arabica cherry and Rubusta are used in suitable proportions, and also along with chicory to make agreeable and cheap blends. Cheap coffee tablets too should be made available to the poor consumers. To cheapen coffee powder further, triage and bits which are now auctioned should be primarily *reserved* for this purpose by the Board. Private trade has been adopting this practice for making cheap coffee powder by mixing triage and bits. The result has been that the price of bits and triage has gone up. Whenever triage was at a high price, the difference between its price and that of plantation narrowed. The price of triage increased from Rs. 171. 6 per cwt. in 1949 to Rs. 177 in 1950 and Rs. 212 in 1951. In 1949 the difference between the price of triage and plantation peaberry narrowed from Rs. 26 to Rs. 13 and Rs. 16 in 1950 and 1951 respectively. The difference between the price of triage and plantation narrrowed to Rs. 1-5-0 in 1951. These are indications of the need for "inferiors" for making cheap coffee. Only, private trade did not give the full benefit of the lower price to the consumer.

All triage may be therefore taken over by the Coffee Board for making blended powder and what it did not need might be put in auctions to the traders. The powder can be packed in pliofilm packing of 1 to ½ lb. and retailed through ordinary trade channels including co-operatives. The price should be marked on the packages so that the buyer cannot be cheated. The Board should make arrangements for sale in this way of a certain portion of the industry's out-put which is consumed internally. This organisation may be a Joint Stock Company under the Coffee Board or a State partnered co-operative society. Shares may be taken by co-operative stores, employees' socicties, the canteen sections of big establishments and industries, employees' canteens, and hotel associations. 51% of the shares may be held by the Coffee Board and the consumer representatives in the latter may be nominated to the Board of management of this concern. Half the number of representatives may be chosen on behalf of co-operatives and the other half by others.

We have proposed in the chapter on Marketing that half the surplus realised from export auction sales after paying to the pool the prevailing internal auction price, should be set apart to bring down the price to the consumer.

We have also proposed that half the surplus due to gain-in-weight should also be set apart for this purpose. These funds can be used to reduce the price of the cheap coffee powder and tablets which will be sold by the proposed Joint Stock Company or the Co-operative society. As it is essential that this benefit should reach the consumer, proper accounts should be maintained by the proposed Joint Stock Company or the Co-operative society showing the actual costs of productions and the subsidy given to it in fixing the price for the consumer.

Expansion of the co-operative sector.

10. The second positive measure that should help to bring down the consumer price and reduce harmful adulteration, is a scheme of promotion of the co-operative sector on a re-organised basis as suggested in the chapter on primary sales. Coffee powder is highly variable product and its composition cannot be easily analysed by the ordinary consumer. Therefore, its distribution can to some extent be better controlled in the interest of the consumer when sold through state partnered co-operatives. However, a complete change over from the private sector to the co-operative will affect those in private trade whose main source of

livelihood is coffee distribution. But there should be no difficulty in continuing the existing allotments to co-operative societies and reserving all future increases in distribution for them. We therefore recommend that this should be one of the components of a future distribution policy.

Local auctions.

11. Another step necessary for reducing prices to the consumer is a better reorganisation of local auctions which we have already dealt with in the previous chapter. All these proposals, if adopted will to some extent bring down the consumer price to a fair level and make available genuine coffee to the consumer.

CHAPTER XII

Consumption and Export

Consumer demand for coffee is influenced by various factors such as availability of other beverages like tea, cocoa or other drinks and occurrence of festive seasons. In case of those who are habituated to coffee, the demand is fairly stable and continuous. An important factor which influences consumption is the level of incomes. The increased consumption of coffee in India since 1939 is to be attributed not a little to the increased purchasing power among agriculturists and industrial workers during the war years and thereafter.

Factors affecting consumer demand for coffee.

2. Exact figures showing the consumption of coffee in India in each year are not available. What are available are only figures representing the annual production and exports. The difference between the two is generally taken to represent the quantities available for home consumption. These are not actually the quantities consumed each year as the stocks brought forward from the previous year and those carried over to the next year are not taken note of. The Table LXVII shows quantities available for home consumption and the three yearly moving averages of the same for these years.

Annual consumption of coffee in India—only estimates available.

TABLE LXVII

Table showing quantities of coffee available for home consumption and the three-yearly moving average during the period 1938-39 to 1954-55

(Figures in cols. 2 to 6 in tons)

Season	Total Production	Exports	Defence forces in India	Available for home consumption including propaganda Department	Three-yearly moving average
1	2	3	4	5	6
1938-39	17,906	9,240	...	8,366	...
1939-40	15,546	8,400	...	6,846	8,841
1940-41	14,226	2,616	..	11,310	9,763
1941-42	17,886	6,004	450	11,132	11,245
1942-43	16,257	3,313	1,200	11,444	12,263
1943-44	17,240	1,692	1,000	14,213	12,738

1	2	3	4	5	6
1944-45	17,300	1,260	3,000	12,556	15,362
1945-46	25,500	5,377	341	19,318	14,864
1946-47	15,350	2,235	...	12,718	15,712
1947-48	15,800	3	...	15,100	15,481
1948-49	22,300	3,117	...	18,624	16,648
1949-50	20,520	3,894	...	16,221	17,609
1950-51	18,595	300	...	17,981	17,641
1951-52	21,235	2,200	...	18,721	18,979
1952-53	23,565	3,000	...	20,236	19,508
1953-54	29,410	9,613	...	19,568	20,364
1954-55	25,100	3,260	...	21,288	...

Source :—Coffee Board.

We find from the above table that during the years 1939 to 1954 consumption of coffee has increased by 130% or at an average rate of 820 tons per annum.

In recent months, the Coffee Board, we understand, has been collecting the figures showing the stocks held by the registered dealers at stated periods. With the help of these figures and a fair estimaton of the stock held by retailers etc., it should be possible to secure some more reliable data for actual consumption of coffee from year to year. We recommend that the statistical branch of the Coffee Board should take up this useful item of investigation.

Adulteration a sequel to the high retail price of coffee.

3. Consumption of coffee in India is chiefly confined to the coffee growing states. The per capita consumption of coffee in India as a whole was only 0.1 lb. in 1953 whereas the per capita consumption in the coffee growing states was 0.53 lb. Comparated to tea, coffee is a more costly drink. While one pound of tea gives on an average about 160 to 180 cups of tea, one pound of coffee powder is estimated to give only about 40 to 50 cups of coffee. In addition, there is the extra amount of milk which is required to make a cup of coffee. If the price of coffee powder is taken at about Rs. 2-14-0 per pound and that of tea at about Rs. 3-8-0 a pound, it is clear that the possibilities of increase in the consumption of coffee among poorer classes are very limited. There is therefore great need for the marketing of a cheap blend of coffee, so as to be within the reach of the average consumer. It will also expand substantially internal consumption. The fact that pure coffee is not within the reach of the average consumer at the prices at which it is sold to-day

partly accounts for the large amount of adulteration that is prevalent in the industry. A mixture of chicory with pure coffee brings the price of coffee to a level which an averge consumer can afford to pay. As long the fillers used are harmless, we do not think that an ad-mixture of these fillers can act as a deterrent to the increased consumption of coffee; on the contrary it may actually help increase consumption. But it is necessary that coffee which is mixed with such fillers should be clearly labelled as such and the percentage of the fillers used specifically mentioned in the label.

Working of coffee houses.

4. The view has been held both by the Government and the Coffee Board since 1952, that radical changes are necessary in the present methods of propaganda. The following points were brought before the Coffee Bard during the last 4 years about the change necessary to improve propaganda.

(1) "Propaganda expenditure could be economised and a ceiling should be fixed for the propaganda budget."

(2) "As early as 1951 an officer of the Ministry of Finance who examined the accounts of the Board suggested that coffee houses might be handed over to private caterers. In view of the Government of India repeatedly pressing for reduction of expenditure on propaganda, the Board accepted the recommendation of the propaganda committee to close down or handover to private parties such propaganda units as have outlived their usefulness for propaganda purposes."

(Resolution of the Board on 22-11-52)

"In June 1953 the Board accepted the principle that under the present conditions of demand and supply of coffee, it should either close down such of the coffee houses which had outlived their usefulness or hand them over to private business on condition that the Board could exercise necessary supervision over them in regard to their methods of preparing and serving coffee. Board members also thought that a nucleus of the Board's propaganda units should be maintained ready at hand for intensifying coffee promotion when necessary."

(Meeting of the Board on 26-6-55).

(3) "It is necessary to examine whether the popularity of coffee houses was due to catering articles other than coffee."

(4) "The Indian Coffee Board was not a profitmaking concern and should not sell coffee at a subsidised price thereby competing with private enterprise."

Despite these views, there have been only a few closures of coffee houses. Expenditure on propaganda units has been increasing. The Board has been losing in its business of coffee powder. The President of the Coffee Board said in its budget meeting in June, 1954:—

"The deficit in the revised estimates for 1954-55 is Rs. 3.62 lakhs and in respect of 1955-56 is Rs. 3.29 lakhs. These deficits are due.. ...partly to a steep fall in the sale of coffee powder itself consequent on the decreasing difference between our prices for the propaganda units and open market prices."

The Coffee Board in its evidence to the Commission have stated as follows:—

"The progressive decline in sales in recent years is due to the diminishing difference between the market rates and the rates at which coffee powder has been sold for propaganda units."

The same view has been expressed in the report of the Board for 1953-54 ; it says that the loss of Rs. 2.03 lakhs in 1953-54 in the working of the propaganda department arose from decline in sales of coffee powder due to the practical disappearance of the difference in selling price of coffee powder between the prevailing market rates and those of the Board. With the price advantage which the propaganda department had in getting raw coffee at the pool basic release price, the possible economies it could make in the roasting allowance and its non-profit-earning character, one would expect that the Board would steal a march over the retailers in the bazar in the quantum of retail sales of coffee. The gradual decline in the quantity of powder sold from 27 lakhs lbs. in 1947-48 to 12 lakhs lbs. in 1954-55 did not seem to accord with the claim that coffee houses acted as fair price shops and prevented a rise in the retail market price. This showed, on the other hand that the retail business of coffee powder in coffee houses was not a success. When for the first time in 1953-54, the Board decided to retail beans through their establishments, there was a sharp fall in the sale of powder with a corresponding rise in the sale of beans. In the year 1954-55, the figures of sales of beans were higher than those for 1953-54. This indicates that the price of powder sold by the coffee houses was high.

In the sale of liquid coffee also the coffee houses showed no expansion. It was more or less steady between 1950-51 and 1954-55.

The administrative costs of the coffee houses were high. The quantity of coffee sold in the year 1953-54 was 23 lakhs lbs. The net loss on coffee propaganda was Rs. 3.61 lakhs. The loss worked to 2½ annas per lb., and this loss occurred despite the special concessions the coffee houses had over the co-operative societies and other retailers. While the coffee houses and co-operative societies got coffee beans at the same pool release price (about 2 annas per lb. less than what merchants had to pay in auctions), the former sold coffee powder at Rs. 2-12-0 per lb. while the societies were asked to sell at Rs. 2-9-6 per lb.

There was another difficulty in the management of coffee houses by the Board. The propaganda committee was afraid to permit special plantation coffee in cup to be sold along with ordinary coffee brewed with blends, as the staff might pass on the one as the other and profiteer in the sales.

It was represented that

"there was the possibility of some of the staff being tempted to sell cheaper Robusta as plantation coffee if each unit were to cater both Arabica and Robusta separately in the cup. It would be difficult for the propaganda committee or assistant propaganda officers to check such abuse."

The future of coffee houses—our recommendations.

5. Coffee promotion work should not be confused with restaurant business. At present, the coffee houses constitute a chain of restaurants dotted over the country from Kashmir in the North to Travancore in the South. The Chief Marketing Officer who is the ex-officio Director of propaganda is in effect the Director of this chain of restaurants. Under existing arrangements, the business of sale of coffee beans and powder and of coffee in the cup is mixed up with expenses for propaganda, thereby making it difficult to assess the loss in

business. Restaurant management and control require special ability, talent and flair. It is not proper for the marketing officer to be saddled with this responsibility. The administrative procedure and control on the lines of Government departments will not suit trading ventures. No responsibility attaches to the propaganda committee or the Board in case of loss. It is said that the losses incurred in coffee houses should be treated as amounts spent on propaganda; we consider that this view of the matter will result neither in sound business nor good propaganda. Propaganda should be no excuse for inefficient management. Moreover, the effectiveness of propaganda does not depend on running a chain of restaurants. Propaganda through mobile vans and cinema shows which visit villages and labour quarters, advertising campaigns in urban areas and amongst industrial communities, participation in fairs and exhibitions by coffee demonstration units would fulfil the needs of propaganda better than setting up permanent coffee houses.

The propaganda units of the Coffee Board are now concentrated in South India; while in North India where coffee consumption is very low and where there is need for more propaganda, the number of units is smaller. Of the 45 units which are now working, 22 are located in the coffee growing areas of South India. We see no need for the continuance of the large number of units in the coffee regions. Propaganda in North India has to be intensified. Even in the North, we suggest, that the propaganda units should function for only specific periods, and should then be moved on to some other towns. During this period they should be able to interest the local residents in coffee drinking—they could also train the local housewives and the restaurants in the best method of preparing coffee. After coffee houses have run for some years in a town, they can properly be handed over to private agencies, with the Board agreeing to lend the services of a coffee demonstrator for such time as his services may be required by them.

Expansion of exports.

6. Along with measures for propaganda within the country, greater attention has to be devoted to measures for stepping up exports. At present, prospect for exports are bright for two reasons. The prices in internal market are low compared to export markets and our plantation coffee (in particular the produce of certain regions) enjoys a high reputation in foreign markets for its quality. We consider that the present time is an opportune one for the Coffee Board to develop export markets. We are now in the comfortable position of having our production exceed internal consumption, leaving a safe margin for export. If the level of exports is to be maintained and further strengthened it is necessary to ensure that the high quality of coffee earmarked for export is kept up; secondly more of this quality coffee should be produced and made available for export. If under our proposed scheme of cheap coffee, more of the cheaper varieties of Robusta and cherry are blended, it would be possible to release larger quantities of plantation coffee for export.

Export of coffee.

7. Table LXVIII below shows the quantities and the value in rupees of exports of coffee to different countries from India in the year 1954.

TABLE LXVIII.

Table showing quantities and value of exports of coffee to countries outside India in the year 1954.

Name of countries.	Quantity (in cwts.)	Value (in Rs.)
1	2	3
West Germany	73,144	3,09,24,527
Italy	40,724	1,27,57,301
Netherlands	31,720	1,39,41,470
Belgium	18,527	60,28,789
United Kingdom	8,855	32,10,318
Norway	3,424	11,26,398
Switzerland	1,040	3,15,627
Ceylon	204	61,924
Other countries	25,786	80,98,124

Source—Monthly accounts relating to Sea-borne Trade of India.

Annexure XXIV gives similar information for the five years ending 1954-55. West Germany and other European countries generally are potential consumers of Indian coffee and in export promotion it should be the endeavour of Government to actively foster and develop these markets for our coffee.

Present system of export sales.

8. At present the quantities earmarked for export by the Coffee Board are sold in auctions to registered exporters under certain conditions. Samples of the coffee offered are issued to exporters at Rs. 2-8-0 per lb. The exporters are given sufficient time to send the samples to their principals and submit their tenders for the coffee on the basis of the offers received by them. The tenders are tabulated and the highest tender for each lot is accepted. The exporter has to pay the value of the coffee and take delivery of it within 21 days from the date on which the coffee is placed at his disposal and the shipment has to be effected within 3 months from this date.

Defects in the system.

9. We have received several representations pointing out the defects in the existing system of export auctions. It was represented to us that delay in making a decision on the quantum of coffee to be exported leads not only to deterioration of coffee but also loss of opportunities of taking advantage of good prices at out-markets. The United Planters' Association of Southern India pointed out that the policy of satisfying the home market with the best coffee had led sometimes to exporting only low grade coffee and that India cannot compete with other countries in low grade coffee. It was stated that sometimes the quality of exported

coffee was found to be not according to samples; an instance pointed out was that in 1951, the U. K. Ministry of Food complained that a certain quantity of Indian coffee that was exported from India was inferior to the F. A. Q. sample based on which the purchase was made. It was said that a single company purchased a majority of the lots in auctions and that there was need for a ceiling on the quantities that may be bid by an exporter at any auction, so that others who bid at the same rate may also get a chance. One common grievance was that the export quota was not fixed for the whole season in advance but in instalments so that the foreign buyer was not able to plan his purchases properly and make his offers. Although there are about 128 registered exporters, only about 22 usually participate in the export sales. In some sales only two exporters actually submitted their tenders. Although efforts have been made to induce more exporters to participate in export sales by making the lots smaller, they have not produced any tangible result. In export trade the emphasis is not to be laid so much on giving a place to the small dealer as on obtaining the maximum price for the coffee without injuring our trade interests. But when only one or two dealers participate in export auctions, the Board is not likely to get the best possible price.

Remedies.

10. We note that, in recent months, as a result of the efforts made by the new Chairman of Coffee Board, some of the defects in export auctions have been remedied. We understand that it is now the policy to allocate as much as possible of the new season's crop for export and as early in the year as possible. For this purpose it has been decided to hold a substantial part of the year's stock as carry-over to feed the internal markets during the early part of the year so that the new crop may be available to meet export requirements. The export sales have to be negotiated early in the year between February and April in order to take advantage of the higher world prices before Brazilian coffee starts coming into the markets. If these arrangements are adhered to, export markets will be supplied with our first quality coffee and sufficiently early in the season.

Direct export trade by the Coffee Board.

11. In our view, there is an urgent need for a re-orientation of our export policy. We note that the export trade is at present very largely concentrated in the hands of a few non-Indian firms. When competition is comparatively little, there are less chances of the Coffee Board getting a fair price for export coffee. We have already stated that the attempts made by the Coffee Board to increase participation of traders in the export trade of coffee have not met with success. In the circumstances, we feel that in the interests of the Industry as well as in national interests, this is a line of business which the Coffee Board should themselves undertake. In this connection we recommend that export trade in coffee should be undertaken directly by the Coffee Board. Our trade representatives abroad should be asked to make available to the Board necessary commercial intelligence and help in securing wide publicity for the export offers made by the Coffee Board and in all other ways assist in the marketing of coffee abroad. The Coffee Board should have a separate department under the Chief Marketing Officer to deal with export sales.

Need for quality control

12. We feel that a rigid quality control on quantities exported is urgently called for and that a senior officer of the marketing staff should be deputed specially to check the quality of export coffee.

13. Small quantities of roasted and ground coffee have been permitt-

ed to be exported since 1950. The quota of 50 tons for a half year fixed in 1950 has now been raised to 100 tons and is allocated among manufacturers of proprietary brands of coffee who are interested in the export trade. Annexure XXIV-A gives the quantities of roasted and ground coffee exported during the years 1950-54. The Board charges a premium which is fixed from year to year on all such coffee depending on the internal prices and the average export auction prices. This premium which was Rs. 56 per cwt. in 1950 has been progressively increased to Rs. 182 which is the amount fixed for the half year January to June 1955. It was represented to us that the disparity between the internal and overseas prices are not such as to warrant this high premium, that the manufacturing Industry deserves encouragement at the hands of Government because it adds to the value of the product exported besides being a useful source of employment. The present quota of 100 tons is not being fully utilised by the manufacturers for the simple reason that the premium is too high for it to be profitable for the manufacturers to export. We feel there is much force in this contention and accordingly recommend that the premium on roasted and ground coffee powder should be scaled down so as to encourage exports by manufacturers of coffee. This premium should not be calculated on the basis of the full difference in price of plantation coffee in export and internal auctions but at a definite percentage of this difference. The fear that the export of raw coffee which is essential for the industry would be affected by increasing the allocation of export of ground coffee appears to us to be unfounded. There should be strict quality control on the export of roasted and ground coffee also. Samples intended for export should be submitted to the Board for approval before shipments are effected.

Scaling down premium on roasted and ground coffee.

CHAPTER XIII

PROFITS AND THEIR ALLOCATION

Coverage of the analysis.

An analysis of the profit and loss accounts of coffee plantation companies for the year 1946 and 1950 to 1953 has been made to indicate the profitability of the industry and the financial policies followed by the corporate sector of the industry. Though a large number of companies furnished copies of profit and loss accounts, only 19 companies have furnished them for all the years mentioned above. The area covered by these 19 companies is 18,328 acres or roughly 40% of the total area of all companies in the industry. The accounting period was not the same for all the companies. In cases where the accounting period ended on or before 30th June, figures have been taken as referring to the preceding calender year and where the accounting period ended after the 30th June, the figures have been taken to be those for the calender year.

Definitions.

2. Net profits have been taken to include the sum of provision for taxation, amount distributed as dividends, amount transferred to reserves and the net increase in the balance carried forward. Gross profit include net profit as mentioned above plus interest charges, commission paid to managers, managing agents etc. Both gross and net profits are arrived at after allowing for depreciation charges. Other income earned by the company from sources other than sale of the crops, for example, income from investments is also included in profits. The profits of these companies and their allocations have been shown in detail in Annexure XXV.

Gross profits.

3. The total gross profits of these companies which was Rs. 24.71 lakhs in 1946, increased to Rs. 63.13 lakhs in 1951 and then fell to Rs. 55.2 lakhs in 1953. The average profit from 1950 to 1953 was Rs. 54.16 lakhs. (Vide Annexure XXVI-Statement 1.) The year 1951 was uniformly a high profit year for all the groups of companies. The percentage of gross profit to total capital employed has been very high. The figures for the various groups of companies are shown in the Statement 2. The percentage has advanced from 12.6% in 1946, to 29.4% in 1953, for the Sterling company. The Non-Indian companies whether under managing agents or under Board of Directors show a fall in this percentage. This may probably be attributed to the inreased capital employed by them and not to a fall in the level of profits. The Indian companies show a slight rise in this percentage from 13.47 to 16.15.

Gross profits related to gross sales.

4. The percentage of gross profit to gross sales, is also very high as shown in Statement 3. It has however been on the decrease since 1950. In 1953, it is higher for Indian companies at 43% than for other groups of companies. In the case of Non-Indian Rupee companies, the percentage ranged between 27 and 35%.

Commission paid to Managing Agents etc.

Statement 4 gives figures of the commission paid to managing agents and Statement 5 gives the percentage of this commission to the gross profit. The commission ranged between 9 and 15% of gross profits in Indian companies under managing agents. In Non-Indian group it ranged between 3 and 8%. The commission paid to managers and senior staff in Sterling companies averaged over 10%. (Vide Statements 6 & 7).

In Non-Indian Director controlled companies also this commission was high.

Analysed by individual companies the percentage of the commission paid to managing agents in 1953 ranged between 5 and 10% in 5 companies, between 10 to 15% in 3 companies, between 20 and 40% in two companies and over 40% in the three other companies.

The percentage of commission to Managers and senior staff to gross profit in 1953 ranged between 5 and 10% in 5 companies and between 10 and 15% in 3 companies and over 25% in one company.

Net profits.

Statement 8 gives net profit before taxation and Statement 9 gives net profit after providing for taxation. The difference between profits before and after taxation is particularly noticeable in the case of the Sterling company. Net profits after tax have increased from Rs. 19.2 lakhs in 1946 and 37.3 lakhs in 1951 falling to Rs. 37.62 lakhs in 1953. The percentage of net profit before taxation to paid-up capital was 18.5% in 1946 and 31% in 1953 taking all groups together (Statement 10). Considering management-wise, the percentage of net profit before tax to paid-up capital has increased from 18% to 70% in Sterling companies, 16% to 22% in Indian companies, but declined from 66% to 33% in Non-Indian companies. In considering these, it must be borne in mind that there has been no increase in paid-up capital in Sterling companies but there has been a 125% increase in Non-Indian companies and a 20% increase in Indian companies by capitalisation of reserves. In terms of the original paid-up capital, the increase in the percentage of net profits to paid-up capital in Indian companies would have been more and Non-Indian companies would have shown an increase rather than a decrease. When the net profit after providing for taxation is related to the capital invested (i.e. paid-up capital plus reserves) the ratio is seen to be 12% in 1946 and 13% in 1953. The percentage of net profit after tax to net worth was 13% in 1946 and 15% in 1953 in the case of Indian companies. The rate declines in the Non-Indian section and increases in the Indian section (Statement 11). An analysis of the net profit per acre in 1953 after providing for taxation shows that it ranged from about Rs. 93 per acre to Rs. 263 per acre (Statement 12). Case studies of individual companies show that the net profit per acre in 1953 was over Rs. 600 in two companies, between Rs. 400 and Rs. 600 in another two companies, between Rs. 100 and Rs. 300 in six companies and below Rs. 100 in eight companies. The figures of net profits after tax per cwt. show that the profits of Sterling companies have fallen from Rs. 14 to Rs. 12 per cwt. from 1946 to 1953 and that of Non-Indian Rupee companies from Rs. 55 to Rs. 33 per cwt., companies under Indian management show an increase in profits after tax from Rs. 39 to Rs. 65 per cwt. (Statement 13). The higher profits of Indian companies cannot be attributed to the realisation of a higher price; it can only be explained by the higher cost of production in Non-Indian companies.

Distributed Profits.

5. Distributed profits have been almost uniform since 1950. Taking all companies together it was Rs. 16.7 lakhs in 1950, Rs. 19.54 lakhs in 1951, Rs. 19.75 lakhs in 1952 and Rs. 20.10 lakhs in 1953 (Statement 14). Since the quantum of distributed profits remained the same, the proportion of retained profit decreased more than proportionately with fall in profits. (Statement 15).

The percentage of distributed profit to net profit after tax in 1952 and 1953, has generally ranged over 50% although in individual cases in certain years the percentage has been very much less (Statement 16). The percentage of distributed profit to paid-up capital was 7.0 in 1946, rising to 12.9 in 1953. In individual groups the percentage has ranged between 7.8 and 23 in 1953

(Statement 17). It is to be noted that in 1953 the higher rate of dividend has been declared on a capital which had increased by the issue of bonus shares. Statement 18 gives frequency distribution of dividends on ordinary shares. This shows that the number of companies which declared a dividend of 20% and above, has remained almost the same in 1946 and 1953.

Returns to the growers.

6. The return to the grower has been estimated by the Government Cost Accountant to be about 10% of the standard value of fixed assets and placed at about Rs. 100 per acre. The gross profit on crop account as worked out from the balance sheets of reporting companies would represent the actual return to the grower, since it includes commission to managing agents, interest, taxation, dividends and reserves. Statement 19 gives figures for the gross profits per acre and the percentage of the gross profit to fixed assets in respect of the 19 companies analysed. From this table it will be noted that the gross profit of Sterling companies increased from 27.5% on fixed assets in 1946 to 75% in 1953. Rupee Non-Indian companies show a fall in the proportion of gross profits to fixed assets from 52% in 1946 to 31.0% in 1953, and Non-Indian director controlled companies from 72% to 31.9%. In Indian companies under managing agents, there is a rise in this proportion from 18 to 30%. Director controlled Indian companies show also a rise from 11.7% to 23.5%. The fall in the percentage of gross profits to fixed assets in the case of Non-Indian companies is to be accounted for by the greater rise in the value of their fixed assets between 1946-53 as compared to other groups. The figures of gross profits in 1946 and in 1953 show an increase in respect of all group of companies. In some cases the return is very high. It has increased by about 5 times in the case of Sterling companies and over 2 times in the case of Indian companies. Examining the percentage of gross profits to fixed assets after deducting the sum for taxes, all the companies showed equally a high return in 1953. The percentage of gross profit in all the groups in relation to the value of the fixed assets has been therefore very much above the figure considered adequate by the Cost Accountant.

Profits of Proprietary Partnership concerns.

7. While the above study covers the company sector, the information received from proprietary and partnership concerns—Indian as well as Non-Indian-show that the net profit per acre has increased between 1939 and 1953. In 1953, out of 18 proprietary Indian concerns analysed in Madras State, one shows a profit after taxation of more than Rs. 500 per acre, five between Rs. 100-200, another five between Rs. 50-100, and seven below Rs. 50. In Mysore out of 4 concerns, 2 show a profit between Rs. 100-200 and one below Rs. 50 and another shows a loss. In Coorg out of 13 concerns analysed, 2 concerns show a profit of over Rs. 500, one between Rs. 400-500, eight between Rs. 100-400 and another 2 between Rs. 50-100. There is no concern showing a profit less than Rs. 50. This shows that the proprietary concerns in Coorg have enjoyed a much higher level of profit than those in Madras or Mysore and the proprietary concerns in Mysore have fared much worse than those in Madras.

8. In the case of Non-Indian concerns, the region-wise differences are nearly the same as for Indian concerns. Concerns in Coorg show a higher profit. Those in Madras show about the same level of profits.

9. In our report on tea we have stated that there should be a rational basis for distribution of profits. We suggested the following order of distribution;

(i) The depreciation allowance allowed by the income tex authorities should be separately funded and drawn upon only for meeting expenditure on replacement and renewal of fixed assets.

(ii) The replanting fund should be set apart as already recommended.

(iii) After providing for taxation, each company should build out of its profits a statutory reserve for meeting development expenditure and unforeseen charges; this reserve should be kept in a fairly liquid form.

(iv) From what is left over, a certain minimum dividend should be provided for as a percentage on share capital.

(v) The remainder should be divided between share-holders and labour and staff according to a suitable formula.

The details were to be worked out. We suggested that this may be done by a committee of experts and representatives of employers and labour. The scheme when worked out was to apply to companies registered in India. As regards Sterling companies, a suitable procedure for the application of the scheme was to be evolved. While evolving the procedure we said that it should be ensured that the statutory development reserve is invested in India.

We recommend that a similar scheme should also be worked out in respect of coffee plantation companies, so that the various interests in the industry viz., share holders, the staff and the labour will get a legitimate share of the profits.

Footnote:—

The article on company finances in the Reserve Bank Bullet in April, 1956 has examined the profits of 11 large sized companies. Their total acreage was 19, 182. The following table showed the high character of gross profits.

Table showing gross profits in relation to total capital employed, net worth, share capital and gross sales.

(In lakhs of rupees)

Year	Gross profit	Total capital employed	Net worth	Share capital	Share capital excluding bonus shares	Gross sales	% 2 to 3	% of 2 to 4	% of 2 to 5	% of 2 to 6	% of 2 to 7
1	2	3	4	5	6	7	8	9	10	11	12
1950	54	317	253	151	151	146	17	21	36	36	37
1951	71	368	289	171	151	175	20	25	41	47	40
1952	49	392	309	181	151	177	12	16	27	32	28
1953	67	415	329	188	151	199	14	20	85	44	34

Gross profit as percentage of capital employed (1953) in all industries. 8.3
Gross profit as percentage of gross sale in all industries. 8.8

(2) The following was the amount of profits distributed in lakhs for 1953.

	In lakhs of Rs. (1)	*Percentage.* (2)	*Other industries (1953).* (3)
Managing agency remuneration.	3	5.4	14
Tax.	6	10.6	36
Distributed profits.	25	44.0	34
Retained profits.	22	40.0	16
	56	100	100

(3) The following was the dividend as percentage of share capital in coffee, as compared to all other industries.

	1950	1951	1952	1953
Dividend as % of share capital in coffee.	10.6	11.6	8.0	12.0
All Industries.	7.5	9.1	7.2	7.4

(4) The following was the percentage of profits after tax to net worth.

Percentage of profits after tax to net worth

	1950	1951	1952	1953
Coffee.	15.0	20.0	10.0	15.0
All Industries.	7.7	9.5	5.5	6.6

(5) The following is a table of income, expenditure and profits. The gross profit in 1953 per acre was Rs. 350 for these 11 companies as against Rs. 293 per acre for 1953 for the 19 companies whose balance sheets were analysed by us. The net profit that remained after tax was divided as half and half as dividends and reserves. Cultivation and other expenses formed 70% of gross sales and other income.

Income, expenditure, and profits.

Figures in brackets are percentages to gross profits

(*In lakhs of Rs.*)

Items	1950	1951	1952	1953	Per acre 1953.
1	2	3	4	5	6
Sales	146	175	177	199	
Other Income	5	7	8	11	
Stocks.	4	7	5	16	
Total	155	189	190	226	1178
Cultivation expenses	95	109	133	150	
Other expenses	6	9	8	9	
Total	101	118	141	159	828
Gross profits	54	71	49	67	350
% to income	35	40	20	30	
Interest	1(2)	1(1.4)	2(4)	2(3)	10
Managing Agency commission.	2(3.7)	3(4)	3(6)	3(4.5)	16
Depreciation	5(9)	6(8)	7(14)	7(10.5)	36
Tax provision	7(13)	4(5.6)	5(10)	6(9)	32
Total	15	14	17	18	94

Items	1950	1951	1952	1953	Per acre 1953
1	2	3	4	5	6
Net profit after tax	39	57	32	49	256
Reserves, and profits carried to balance sheet	21	34	22	22	115
Dividends (ordinary)	16	20	14	23	141
Preference	2	2	2	2	
% of distributed profit to net profit after tax	46	38.6	50	50	
% of retained profit.	54	61.4	50	49	

CHAPTER XIV.

TAXATION

In common with the tea industry the coffee industry also is subject to fiscal imposts, both direct and indirect, of the Central and State Governments. The important central imposts are Income-tax, Central Excise duty, Customs duty and Excise duty levied under the Coffee Act. The taxes levied by the states and local administrations vary from state to state. The state and local authorities' levies include land tax, land cess, taram assessment, agricultural income tax, house tax, sales tax, road tax, license fees, education cess, profession tax, octroi etc. Tables showing the income derived by the Central Government from Income-Tax, Excise Duty and by the State Governments from Agricultural Income-tax in the past few years are given in Chapter I of this report.

Central levies-Export duty.

2. An Export duty was levied on coffee for the first time from the 10th October 1953 to mop up the disproportionately large profits which export sales were bringing to the coffee pool because of the high prices for coffee which were then prevailing in the world market. When world prices began to show a falling trend, Export duty was reduced to Rs. 21 from February 18, 1955, and since 1st July 1955, the duty was totally abolished. The effect of the abolition of duty is, whereas consumers in India have to pay Central Excise duty at the rate of Rs. 21 per cwt., exports are free from any levy. Table LXIX shows the monthly average auction prices for exports and internal sales since July 1955 for a few varieties, it will be seen that there is a wide gulf between the export auction prices and the internal sale prices.

TABLE LXIX

Table showing average export and internal auction prices of some of the important grades of coffee during the period April, 1955-March, 1956.

(Figures in cols. 3 and 4 in Rs. per cwt.)

Month.	Type and grade of coffee.	Average export auction price.	Average internal auction price.
1	2	3	4
April, 1955	Arabica Cherry P.B.	191- 0-0	190- 9-0
	Arabica Cherry Flats.	197-12-0	179- 0-0
July, 1955	Arabica Cherry Flats.	245- 5-0	182-11-0
March, 1956	Plantation 'A'	417-10-0	213- 5-0

(Source:—Coffee Board).

As all the profits arising out of export sales are credited to the pool and shared exclusively by the coffee growers, it has given rise to demands from the producers in and outside the Board, to press for more and more allotments being made for export. With a view to put a stop to this unhealthy development in the industry and for other reasons, we have recommended elsewhere that profits derived from export sales should be credited to a separate fund. We also recommend that there should be imposed on coffee a countervailing Export duty equal to the Central Excise duty.

Excise duty.

3. At present a Central Excise duty is uniformly levied on all varieties of coffee at the rate of Rs. 21 per cwt. The complaint of the dealers is that the uniform levy is inequitous as there are wide differences in the prices of the different varieties of coffee. The table below shows the average yearly internal auction prices of Plantation 'A', Arabica cherry, Robusta cherry in the years 1948 to 1953.

TABLE LXX.

Table showing average yearly internal auction prices of some of the important grades of coffee during 1948-53

(Figures in cols. 2 to 4 in Rs. per cwt.)

Year	Plantation 'A'	Arabica Cherry Flats.	Robusta Cherry Flats.
1	2	3	4
	Rs. As.	*Rs. As.*	*Rs. As.*
1948	203- 0	173-12	140- 9
1949	184-10	160-10	156- 0
1950	187- 1	160-11	147-10
1951	213- 9	199- 3	194- 7
1952	251-11	220- 5	200-11
1953	219- 4	188-14	150- 1

Source: Coffee Board.

It will be seen from the table that the price of Plantation 'A' at the auction is nearly 18 to 46% higher than Robusta cherry. The difference between the average prices of Arabica cherry and Robusta cherry however is not so high. In order that the incidence of excise duty may be related as far as possible to the market values of the goods, we recommend that the levy of Excise duty on Arabica parchment may be enhanced to 3½ annas per lb., the Excise duty on Arabica cherry to remain at 3 annas and the Excise duty on Robusta to be reduced to 2½ annas per lb. The financial effect of the incidence of these revised rates as applied to the output for the year 1953-54, is shown in the Table below :—

TABLE LXXI

Table showing financial effect of proposed rates of excise duty.

Rate of Excise duty per lb.	Production in lbs. 1953-54			Total Amount of duty (in Rs.)
	Plantation	Arabica Cherry	Robusta	
1	2	3	4	5
At proposed rate.				
-/3/6 Plantation -/3/- Arabica Cherry. -/2/6 Robusta.	35,392,000	14,992,320	14,981,120	1,28,93,860
At existing rate.				
-/3/- for all grades	-do-	-do-	-do-	1,22,56,020

Sales tax.

4. Coffee is subject to sales tax like other commodities. The Coffee Board's annual reports for 1952-53, 1953-54 and 1954-55 give brief references to the points of dispute between the Coffee Board and the State Governments in the matter of levy of sales tax in the states. If sales tax on coffee is made a central levy and the proceeds thereof distributed to the states concerned, it will help to remove one impediment in the coffee trade.

Local levies.

5. We addressed the State Governments for information about state and local levies. Replies have been received from the Governments of Madras, Mysore, Coorg and T. C. State but details regarding the rates at which the levies are imposed have not been furnished by all the State Governments who furnished replies. Available information regarding the rates of some of the important levies mentioned by the State Governments have been tabulated and are shown in Annexure XXVII.

CHAPTER XV

The Small Grower

Small Grower defined.

Unlike in tea, the small grower in coffee in India occupies an importan position as regards numbers, area cultivated, and production. Those who hold a family holding and less are generally small growers. By family holding is meant a holding, the income from which can maintain an average agricultural family without leaving any surplus. It has been estimated that the average net annual income of an Agricultural family is about Rs. 1,200*. Our studies would indicate that a small holding of coffee to produce this income would have to be about 7 to 15 acres in area depending on its yield.

But there are producers who cannot be considered big but whose holdings are over 15 acres. Those holding between 15 to 25 acres may be described as small growers with moderate means and those owning between 25 and 100 acres may be considered as growers in more affluent circumstances. When we, therefore, mention about the difficulties of small growers, they relate mostly to those holding below 25 acres and particularly those holding 15 acres and less. Those holding 10 acres and below are a class by themselves as they do not have a sufficiency of holding for their maintenance. There is difficulty in assessing whether a holding is adequate to maintain a family as our figures do not take into account the non-coffee land and other sources of income of a small grower. The small growers can be divided into the following categories:—

1. Those who have less than 15 acres of coffee; among these are included the following:—

   (a) Those whose major source of income is not from land but from their labour supplemented by a small income from a few cents of coffee cultivated in their home steads.

   (b) Those who hold a small coffee area but whose major source of income is from other cultivation supplemented to a small extent by earnings from outside.

   (c) Those whose major source of income is from coffee but have inadequate lands to maintain their families and therefore took to outside work to supplement their earnings.

   (d) Those whose coffee lands do not provide an adequate income but who along with income from other lands could maintain themselves.

   (e) Those who had a minimum holding and whose main source of income is from coffee.

2. Those who own 15 to 25 acres and have moderate income.

Note:—*The report of the committee on size of holdings of the Planning Commission (February, 1956) said:—

"According to the data on national income, the annual income per earner in agriculture amounts to Rs. 500. Assuming 2 to 2.5 earners in the family of an agriculturist, the annual income of an average agricultural family should come to Rs. 1,200. On adopting this as a rough basis we suggest that a farm which yielded a gross average income of Rs. 1,600, or a net income of Rs. 1,200 and is not less than a plough unit or its multiple in area may be considered as a family holding."

3. Those who own between 25 and 100 acres and could be said to be in affluent circumstances.

The main interest of those falling under category (a) is not in coffee production. They could not ordinarily be expected to hold a minimum coffee holding.

Category (b) comprises of petty holders of lands growing mainly food crops and whose coffee area is very small. They supplement their earnings by labour. An improvement in the economic condition of those falling in these two categories lies in the general schemes of State Governments for raising the level of employment and standard of life of holders of agricultural lands. These holders may not always continue in the growing of coffee.

Those who come under category (c) though they are holders of coffee lands are not able to get a subsistence income from their lands and may have therefore to take up outside work. It is this group that sometimes pledges its labour to the neighbouring gardens and raises loans. They work for the big grower for 3 or 4 days in a week, and devote the rest of the week to their own cultivation. An addition to their coffee holdings will stabilise their position.

Category (d) comprises those who rarely take no outside labour in other gardens and have a subsistence holding but have a coffee area which is small. Help to this group to increase their coffee area will improve their economic condition.

Those falling under category (e) are slightly better off and could be classified as minimum holders having coffee as the major source of income. This will be the first sound group of small holders, assistance to whom is bound to show good results.

Uneconomic holdings size of the problem.

2. A study of the number of small holdings and their proportion to total holdings showed one fact namely that the coffee industry could not be put on a sound basis by confining one's attention only to holders of 25 acres and over, as would be evident from the following Table.

TABLE LXXII.

Table showing distribution of coffee estates according to sizes in the year 1952-53.

Size of estates	Number	Acreage
1	2	3
Below 25 acres.	34,218	80,168
Between 25 acres and 100 acres.	910	40,304
Over 100 acres.	590	1,19,566
	35,718	2,40,038

Source—Coffee Board.

To ignore small holdings below 25 acres would mean ignoring a substantial part of the coffee industry. 34,218 families comprising a rural population of about 1½ lakhs were engaged in this industry. In the case of small growers, the small coffee area they hold is an indispensable source of livelihood for them. Even though the small growers cultivated only about a third of the total area under coffee, there was the human problem of employment and livelihood for a population of about 1½ lakhs. In this connection we would like to refer to the development scheme formulated by the Coffee Board which excluded all holders below 5 acres from its operation on the ground that "they are mixed farmers and cannot the persuaded to improve their cultivation if the other crops give them a better return". Those holding below 5 acres coffee number about 27,000 and cultivate over 35,000 acres of coffee. While certain categories of this group of holders might have to be excluded as having only a nominal interest in coffee, an exclusion of the whole group would be shirking the responsibility for assisting a section of the industry, which required more support than others.

The second fact to be noted about small holdings is the increase in their number and area. Elsewhere is given in the Annexure XXVIII, a note on the increase in the number of small holdings between June, 1951 and June, 1954, which showed a definite increase in the number of holdings below 5 acres in Coorg and Mysore, even after making allowance for increase due to registration of estates previously unregistered.

The marketing survey report 1940 (Directorate of Marking, Ministry of Agriculture) after an elaborate examination of revenue records of State Governments gave the following figures of holdings. (Figures of holdings as given in the Coffee Board's report for 1953-54 are also tabulated below).

Year	Below 5 acres.			5-10 acres.			10 acres and over.		
	No.	Acres	Averageholding acreage	No.	Acres	Averagehol. ding acreage	No.	Acres	Averageholding acreage
1	2	3	4	5	6	7	8	9	10
1932-33 to 1936-37	N.A.	23,250	N.A.	3,323	14,098	4.2	3,452	1,70,985	49.5
1953-54	26,530	35,600	1.3	2,777	18,398	6.6	3,131	1,92,311	61.4
Percentage of increase in acreage in 1953-54 over 1933-37 average.	53				30			12	

The increase in total acreage was 18% (from 2,08,333 acres to 2,46,300 acres) but proportionately the greatest increase has been in the group of small holders owning below 5 acres. The increase in the area of average holdings in the group 5 to 10 acres, from 4.2 to 6.6. acres is a welcome feature. A decrease in the number of holdings in the 5-10 acre group over 10 acres may be due to internal sales by holders of smaller areas in these groups or to some of the areas having gone partially or wholly out of coffee. The noticeable increase in

the area of holdings below 5 acres may be due to extension of cultivation among this group and also to coffee cultivation taken up by resettled exservicemen and others. Partition of holdings due to various causes such as succession, voluntary sale and forced sales during the depression, and the land settlement policy of State Governments to grant only small holdings to new settlers, all these factors must have contributed to this increase in the area of small holdings. But any increase of area in this group could hardly help the growth even of standard holdings (i.e. holdings giving a fifty percent income for subsistence) in as much as the average holding in 1953-54 was only 1.3 acres.

Thirdly the group of coffee holdings of 10 acres and below, which should be considered uneconomic unless supported by holdings of other crops, is the largest in number.

Size of holding.	Number.	Acreage
	2	3
	26,530	35,600
Between 5 and 10 acres.	2,777	18,389

Fourthly, these uneconomic holdings produced to a greater extent the poor quality Robusta coffee fetching 35% less price than Arabica plantation coffee. In Annexure XXIX is given a statement of the proportion of Robusta to Arabica in different estates under different types of holdings. The lesser the area of a holding, the greater is the proportion of area of Robusta to Arabica in Madras and Mysore. In Coorg the proportion of Robusta to Arabica is high in most groups of holdings. The statement shows that while Robusta is about the same extent as Arabica in Madras and Coorg, it is about one fifth of Arabica in Mysore in respect of holdings of 25 acres and below. When one considers therefore the area of holding necessary for subsistence, one has to provide a large holding in areas where Robusta is grown because Robusta yields a smaller income than Arabica.

Fifthly, we find that examining the regions where the uneconomic holdings are found in large numbers, figures show that they are concentrated to a greater extent in Malabar and Coorg than in other regions.

Size of holdings	Number of holders in			
	Madras (excluding Malabar.)	Malabar	Coorg	Travancore
1	2	3	4	5
Below 5 acres.	8,093	6,992	5,025	1,664
Between 5 and 10 acres	831	798	425	43

The small holders in Madras other than Malabar are concentrated in Nilgiris, Madurai and Salem.

Creation of economic holdings search for a solution.

3. The main problem relating to small growers is inadequacy of land. About half the number of small growers holding 5 acres and below would need at least an addition of another 5 acres on the average. The goal should be that every small grower who is to be considered as a sound unit in coffee production, should have his coffee area extended so as to form an important source of livelihood. If 50% of net income from land is to come from coffee in the case of family holdings, then every such holder should be helped to provide himself with an area of coffee yielding a net income of Rs. 600, i. e. about 6 acres. Considering the fact that half the area of small holdings

in Madras and Coorg is Robusta, this estimated average of 6 acres can only be an under estimation. At present the number of holders below 5 acres is 26,530, holding about 35,600 acres. Estimating half of this group as growers, one of whose important sources of livelihood is coffee, the number to be helped will be 13,265 holding about 17,800 acres. Adding to this the number of holders owning between 5 and 10 acres, the number of small holders who need to be helped with more lands would be about 16,000 holding roughly 36,000 acres. If everyone was to hold at least 6 acres on the average, then the total area of their holdings would amount to 96,000 acres. Thus an additional area of 60,000 acres would be required, to create stable economic units. This estimate does not take into account extension of area that will have to be granted to replace present trees in unsuitable areas. It only shows that a target of family holdings on the basis of 50% of income coming from coffee is a high target and the target may have to be lowered to achieve holdings which will have on the average one third of their net income from coffee, i. e. Rs. 400 from about 4 acres of coffee. Calculating in the ratio of 4 acres for 13,265 holders the total land that should be available for them is 53,060 acres. The additional land that would be needed is about 17,000 acres. To this should be added the land required to replace existing trees on unsuitable lands. If we are really serious in building sound economic units of small holdings we should also not fail to face the problem of acquiring the coffee lands of uneconomic holders who hold tiny plots and whose main occupation is manual labour or non-agricultural occupations, who lease out their lands, or who are non-resident, and who as their income from coffee is comparatively small are indifferent to its cultivation. Such acquisition may also add to the lands of coffee-growing small holders.

A better alternative would be not to increase the number of individual small holdings, and thus the many problems of supervision and technical and financial assistance for getting for the small holders, as far as possible, the benefits of large scale farming, but to induce them to come into a joint-farming state-partnered co-operative society which will take more lands under cultivation, raise more crops, rear cattle and poultry in an organised way and thus try to give balanced employment, despite inadequacy of land, for every uneconomic holder.

But whatever be the policy adopted of granting additional land and loans for the small holder for new planting and recovering the price of land and loans from him, or providing such lands to him through joint-farming societies, the objective should be to ensure that the operating unit of area is increased. And if the creation of stable and contented rural families should have priority over every other scheme of expansion of land under coffee, then the lands suitable for coffee development should first be set apart for these small holders to the extent of over 17,000 acres. The limitation in such an allocation would be the availability of funds for new planting with the coffee board and the Government to be advanced to small growers. The balance alone could be available for other small, medium and big growers holding between 10 and 25 acres, 25 and 100 acres, and over 100 acres. An investigation regarding the availability of land suitable for coffee cultivation has been made by a special officer appointed by Government and it is understood that there is enough land for expansion particularly in Coorg where the number of uneconomic holders is large. A proper allocation of these new lands for small growers should be made after a detailed investigation. But whatever the area available, priority should be given to the small growers below 10 acres in making land grants.

When once a small holding area is defined for different regions on the basis of family income of Rs. 1,200, the law should provide that such holdings should neither be partitioned nor sold voluntarily or through courts so as to

reduce its size below the economic level. Where schemes of consolidation of holdings would help, they too should be undertaken.

4. It is not enough merely to extend the area of holding of the small grower. Without clearance of past debts (excluding current loans repayable from current crops) any state aid to increase the income of the small holder will only go towards repaying genuine or inflated principal of loan and excessive rates of interest. In fact, no head-way can be made regarding the building of sound units unless all past debts of small holders are liquidated. Long-term loans for improved practices or replanting cannot be advanced unless the small grower is credit worthy and has no past debts encumbering him.

The problem of debt.

In the following pragraphs the figures collected by us regarding indebtedness are examined. To the small grower the money lender is still the most important source of finance. Out of 582 cases analysed, 368 had outstanding debts amounting to Rs. 25.67 lakhs or Rs. 274.4 per acre (Annexure XXX-A). Out of this, a sum of Rs. 1.6 lakhs relates to debts incurred over 20 years ago and Rs. 3.89 lakhs to debts incurred over 10 years ago (Annexure XXX-B). Of the total loans taken, amounting to Rs. 40 lakhs, the share of the private money lenders was Rs. 21 lakhs (52.5%); Only Rs. 3 lakhs was advanced by co-operative banks, and Rs. 5 lakhs by commercial banks. Next in importance to the money lender is the coffee curer. The amounts loaned by coffee curers formed Rs. 11 lakhs (27.5%), out of the total loans of the reporting small holdings (vide Annexure XXX-C). Table LXXIII shows the amount of loans per acre of reporting holdings, the amounts repaid, the amount outstanding and the amount of loan incurred before 1951. In Annexure XXX-B is given details regarding the loans outstanding according to the period in which the loans were contracted.

TABLE LXXIII.

Table showing the amounts of loans taken and amounts repaid by reporting holdings.

(Figures in cols. 2 to 5 in Rs.)

Region.	Original loan per acre.	Amount repaid per acre.	Balance outstanding per acre in 1955.	Outstandings of loan incurred before 1951 per acre.
1	2	3	4	5
Holdings less than 25 acres				
Mysore	606	195	411	141
Madras	371	70	301	43
Coorg	444	339	105	31
Holdings over 25 acres but less than 100 acres				
Mysore	449	129	320	52
Madras	181	28	153	22
Coorg	260	182	78	Nil

Source:—Coffee Board.

The figures in column 4 showed the figures of outstanding debt per acre. It included current credit, debts incurred between 1951 and 1955 and debts incurred before 1951. The debts incurred before 1951 have been separated and indicated in column 5. Column 4 showed a higher figure even after deducting past debts incurred before 1951. As small holders holding less than 25 acres had less need to borrow in as much as they got full payment of basic price for their coffee and as their costs of cultivation were generally lower in view of poorer yields, the loans borrowed for current credit could not be much. If therefore the past debts incurred between 1951 and 1955 were separated from column 4 and added to the older sum of debts mentioned in column 5 it would show a greater amount of past debts. These figures show that Msyore is the most heavily indebted area; Madras comes next. Out of the total debt, debts ranging between Rs. 22 and Rs. 141 per acre related to borrowings mostly between 1945 and 1951. Old debts existed to a greater degree among the owners of holdings of less than 25 acres.

The amount of borrowings looks small when worked out per acre. The average borrowings per estate give a better picture of the position.

TABLE LXXIV.

Table showing the amounts of loans taken and amounts repaid by reporting holdings.

(Figures in cols. 2 to 5 in Rs.)

Region.	Original loans per holding.	Amount re-paid per holding.	Balance outstand-ing per holding in 1955.	Of which outstand-ing of loans incurred before 1951 per holding.
1	2	3	4	5
Holdings less than 25 acres				
Mysore	7,781	2,498	5,283	1,807
Madras	5,000	939	4,061	562
Coorg	7,753	5,922	1,831	541
Holdings over 25 acres and below 100				
Mysore	24,053	6,929	17,124	2,857
Madras	9,907	1,531	8,376	1,200
Coorg	13,099	9,197	3,902	Nil

Source:— Coffee Board.

The Table LXXIV shows that the average debt per estate was Rs. 5,283 in Mysore, Rs. 4,061 in Madras, and Rs. 1,831 in Coorg in the case of holdings of less than 25 acres, and Rs. 17,124 in Mysore, Rs. 8,376 in Madras, and Rs. 3,902 in Coorg in the case of holdings of 25 acres and over. Of this amount, old debts incurred before 1951, per holding amounted to Rs. 1,807, Rs. 562 and Rs. 541 respectively for Mysore, Madras and Coorg, in respect of holdings less than 25 acres, and Rs. 2,857, Rs. 1,200 and nil respectively for Mysore, Madras and Coorg in respect of holdings of 25 acres and over.

Examined according to the acreage of holdings, those who held less than 25 acres had debts older than 5 years to the extent of Rs. 141 per acre in Mysore and Rs 30 to Rs. 40 in Madras and Coorg.

The percentage of the number of indebted estates too was not small. 44% of the number of reporting holdings in Madras, 80 in Mysore, and 73 in Coorg in the case of holdings below 25 acres, and 72 in Mysore, 28 in Madras and 54 in Coorg in the case of holdings of 25 acres and over, were indebted. The sources of these borrowings were firstly the private money-lenders and secondly the curers. Debts incurred before 1951 were all owed to private money lenders. The average rate of interest for these loans ranged from 9 to 12%. Calculating at the lowest rate of 9% interest on an outstanding debt of Rs. 411 per acre in Mysore, Rs. 301 in Madras and Rs. 105 in Coorg (*Vide* Table LXXIII), a small holder will have to pay interest charges at Rs. 36 per acre in Mysore, Rs. 25 in Madras, and Rs. 10 in Coorg. The average gross income on a yield of 1½ cwt. per acre may be taken as Rs. 300 per acre. Thus interest charges alone for Mysore holdings will amount to 12½% of the gross income.

Measures for clearance of past debts.

5. Excluding current debts for current expenses, past debts out of outstanding debts in 1955 might be estimated as ranging between Rs. 150 and Rs. 200 per acre for Mysore and Madras. The number of indebetd holdings was 44% in Madras and 80% in Mysore. If the debt position of holders holding below 15 acres was alone considered, the amount may be smaller but they had no source from which to repay the debts. Their income would be sufficient at the most only to meet their family expenses. Debts in their case continued indefinitely and interest charges accumulated. The problem of debt of the family holder is an intractable problem. The solution lies in his annual income being made non-attachable for debts as in the case of salaried employees. The debts of holders holding over the minimum size can be adjusted to the income or sale value of the excess land. Land mortgage co-operative banks can redeem the small holder by repaying the debt and recovering it in annual instalments from the latter. The amount of the debt also will have to be scaled down to the actual sum of loan and a fair rate of interest. The problem of totally irrepayable debts will have to be faced by cancelling them

in the case of holders of family holdings. But debts will recur again, even if cleared, so long as the small holder's economy was deficit. Preventive measures were necessary to prevent recurrence of debts. The minimum holding should be exempt from attachment for debts and execution of decrees. Redemption of past debts in the case of family holdings should be made conditional on future borrowings being made only from co-operative societies which would supply credit for all legitimate needs.

6. While this is the position in regard to past indebtedness, let us examine how small and medium holders obtained their short term and long term credit.

Bottlenecks in current financing.

The co-operative banking institutions have so far done very little for financing the small grower. Information furnished by the State Governments concerned shows that in T. C. State and in Mysore no loan has been granted either for short or medium term to coffee growers by co-operative societies. In Coorg a sum of Rs. 51, 200 was granted for the year 1953 to 39 estates below 100 acres by Town co operative banks on the mortgage of estates. Medium term loans up to five years are also granted. The rate of interest charged is 8%. Short-term loans are granted to coffee growers at concessional rates by the Reserve Bank through the apex co-operative bank and district central banks to rural primaries in the districts of Madurai and Malabar in the Madras State. Land Mortgage Banks in Madras have advanced long term loans to coffee growers, but the extent of their advances is very small. According to the rules of Land Mortgage Banks, loans are granted only upto 50% of the value of the estate and the valuation of the estate is done on the basis of pre-war value plus 10%. Holders of small holdings which give a bare subsistence income, cannot get any long term loans from this bank as they have no surplus from which to repay the loans. These conditions limit the usefulness of the bank to meet the long-term credit needs of small plantations and more especially for repayment of past debts.

The evidence collected by us during our tours pointed to the difficulties which small growers suffered for obtaining credit. In Kummungundy area near Chikmagalur, the small growers in a village represented that some among them pledged their cattle and took loans from money lenders at excessive rates of interest. In Shevaroys, small growers owning 5 acres and less borrowed from money lenders at high rates of interest. They also worked as labourers in large estates. They represented to us that they were in need of land and loans.

7. Even when a standard holding (by standard coffee holding is meant one from which only half the income for family maintenance is realised, the balance being raised from other sources) is planned to be achieved as a phased programme, all past debts are cleared, and protection is provided by preventing the sale of a holding for debts and by making available only the co-operative society for providing loans, the main problem for the small holder to get loans at a fair rate of interest for current expenses will still remain to be solved. Any proposals to obtain credit for the small holder should follow the existing pattern of credit service for the other small growers in the country. A primary co-operative organisation is in the first place essential if full finance for the crop is to be provided for. Cultivation and processing costs are higher in coffee than in most other agricultural crops. The crop loan is safeguarded by the Coffee Board in so far as the grower cannot sell his coffee except through the latter. The coffee grower required supplies by way of manures, spraying materials, pulping equipment and garden tools. This primary organisation should be able to grant short-term credit and supplies,

Short-term Credit.

and provide services now rendered by the Pool Agents of the Coffee Board in warehousing and marketing. As coffee cultivation is concentrated in particular regions, the formation of primary multi-purpose coffee growers' co-operatives is facilitated and should be the desideratum. When once such societies are formed, they should render similar services to the growers for raising other crops too, as there cannot be two primaries to serve the needs of each grower. The society is not merely for credit, supplies and marketing but also for helping the introduction of improved methods of coffee-growing and processing and to carry out targets of production according to the plans of the Coffee Board. In view of these facts and as small-holdings had the inherent defect of unequal capacities of management, an extension worker on the spot will be necessary to correct their deficiencies and bring about as far as possible uniformity in methods of production. In other words a whole-time manager who can assist in the preparation of the budget of loans and supplies of every small grower in conformity with the needs of production and carry out the advice of the advisory services is indispensable for such societies. What is therefore necessary for the success of the societies, is large size and adequate business for the maintenance of the full complement of staff required for running them. A sufficient margin is necessary not only to maintain this staff, but also to provide an adequate reserve and charges of supervision. At the same time, the exacting organisational costs involved in getting the benefits of large-scale production for hundreds of small holders should not increase the rate of interest and margin of profit on supplies to excessive levels, as to compare unfavourably with the rate at which the state bank will make credit available to big growers. The existing pattern of credit service by the Reserve Bank provides that the rate of interest to the grower should not exceed 6¼%. The Reserve Bank lends at 1½% to the apex co-operative bank which lends at 2½% to the central co-operative banks which lend to the primaries at 4½%. The margin for the primary coffee growers society will be no more than 1¾%, which will hardly meet the costs of the maintenance of a whole time trained manager in every society. The Coffee Board will have to supplement from its own funds the expenditure on staff which cannot be met from this margin. One device to increase the margin would be for the Reserve Bank to recognise the primary society as one of the good signatories stipulated by it for discounting agricultural paper. In such a case, the second signature can be of central co-operative bank thereby eliminating the apex co-operative bank as one of the signatories. This is however a larger question connected with the financing of all agriculturists through co-operative societies. But if growers of special crops like coffee requiring large finance and supplies are formed into large-sized primaries with whole time managers, and intensive supervision through the advisory service is provided by the Coffee Board to certify the genuineness of the need for the loan and supplies and their correct application and thus loan advances are safeguarded, and if the state also participates in the management with share capital which it may have to provide temporarily for purchase of necessary equipments then such societies should be acceptable to the Reserve Bank as second signatories. Further, such multi purpose societies may also provide for a multiple liability on the shares of members as is done in certain states like Bihar in the ratio of 4 times the nominal shares of a member. It may be provided in the by laws that every member should undertake liability to the extent of four times the capital subscribed by him. We hope that the Reserve Bank will examine this recommendation favourably. If loans of central co-operative banks to these primaries are discounted by the Reserve Bank, then the rates of interest for the primary will be 3½% instead of 4½%, thereby adding an additional margin of profits of 1%.

The Reserve Bank may also consider granting permission for the formation of a special coffee co-operative bank for the coffee area which, though spread into more than one state practically adjoin each other and is located mainly in the region of the western ghats. The Colombia coffee federation which started first with direct loans to farmers for short-term, and long-term, has recently started the Banco Cafetero owned by it. Considering the special needs of coffee growers, a central co-operative state partnered coffee bank comprising the large-sized coffee growers-primaries, may be formed for advancing short-term and medium loans. When such a Bank is formed it could get re-discounting facilities from the Reserve Bank. The benefit of the concessional rate of interest i.e., 2% will go to this bank instead of to central co-operative banks. The advantage of this new bank will be that it can use part of this concessional rate for providing a technical staff for supervision. The normal central co-operative banks can provide only supervision of accounts by a staff which will be engaged in supervising the normal primary credit societies.

Long-term Credit.

8. Normally, long-term loans should be available for small growers who have repaying capacity, from existing co-operative land mortgage banks. When a new central co-operative coffee bank is formed as suggested in the last paragraph, the desirability of this bank having a long-term banking section should be considered. But the main problem is the large risks involved in advancing loans for replanting to subsistence holders who have no additional source of income or land security to offer than their holdings, returns from which would be barely sufficient to maintain their family. The replanted or new planted acreage could be the security but it is doubtful whether Government would advance Taccavi Loans, or co-operative land mortgage banks, long-term loans on the security of the new plants to the extent of Rs. 1,500 per acre. The net return on the presumption that it continues undiminished for about 30 years, would be about Rs. 100 per acre from the 8th year onwards. There could be no recovery of the loan during the non-bearing period and the full loan will take in all 25 to 30 years to be returned. At the same time there can be no assurance of continuity of efficiency of management nor a minimum standard of management from all the holdings. Greater supervision and technical assistance may be needed both during the non-bearing and bearing periods. Large amounts will have to be advanced by the state. If considering the risks involved in such replanting schemes, long-term loans are refused for subsistence holders, a fourth of the existing coffee area cannot be rehabilitated, and no economic stability can be provided for 30,000 small growers. The solution of this difficult problem lies in the formation of state partnered co-operative joint farming societies which we had suggested in an earlier paragraph. So long as long-term loans are necessary, Government will have to provide them for share capital. The new industrial policy says that "Special assistance will be given to enterprises organised on co-operative lines for industrial and agricultural purposes." The foundation for such sound farming societies of small holders should be laid by having a mixed board of Government nominees and representatives of small holders assisted by a whole-time manager working with a definite goal of retirement of Government's nominees with liquidation of the loan and of training small holders in running the concern. The problem of providing trained personnel for such societies is important and will have to be given priority, if large-sized primaries and joint-farming primaries are to be well established.

Under existing conditions there is however no possibility of establishing large-sized joint-farming societies on an extensive scale, for all small growers. Their formation will be limited by the amount of long-term money which

Government may be able to advance, the availability of trained personnel for management as well as supervision, the quantum of income from other sources, the degree of response from the small holders, their present ability to supply proper leadership and evince loyality to the society. While there is scope for this type of societies to develop, progress will be limited by these conditions.

The proposed society should not pool the lands but permit each individual holder to cultivate his existing holding and any new area added to it. It might undertake common services as preparation of land, nurseries, provision of spraying and processing equipments arrange for cultivation in the owners' absence, and provide employment through subsidiary occupations. The holdings will be mortgaged to the society until the loan is repaid. A member should be free to resign when the loan has been repaid.

Yields of small holdings.

9. The Table LXXV gives the yield per acre of reporting estates of small growers. The data have been tabulated separately for Arabica, Robusta and mixed estates and for growers having less than 25 acres and those having between 25 and 100 acres.

Yield per acre of Arabica seems to show little difference as between small and medium holdings below 100 acres. The yield of holdings in Coorg below 25 is high, as in big estates, amounting to 4.03 cwts.

Madras shows a fall in the yield in holdings over 25 acres as compared to those below 25 acres (0.68 and 0.50) Mysore shows an increase in yield as between these two groups (1.49 to 2.22).

Robusta yields in the groups of holdings between 25 and 100 acres do not show any significant increase over the yields in estates of 25 acres and below. On the other hand, Madras and Coorg show a slightly lesser yield in the higher acreage group.

Mysore has the largest coverage under holdings having Arabica and Robusta combined. A study of their yields shows that they are the same in holdings below and over 25 acres. Coorg shows a definite increase in the higher acreage groups but the reporting acreage is small compared to that of Mysore.

These figures indicate that small holdings below 25 acres have more or less the same yield as those over 25 acres or showed a greater yield than the latter. The same trend is also indicated in the statistics of yields for 6 years ending 1949-50 printed in the bulletin of the Coffee Board for June 1952. They show :—

(1) that holdings below 5 acres showed a greater yield than those between 5 and 50 acres and almost equal yield to holdings of 50 and 100 acres.

(2) Holdings of 5-10 acres and 10-25 acres had more or less the same yield.

(3) Holdings over 25 acres showed a proportionately higher increase in yield, particularly those over 100 acres.

This same point has been brought out in the evidence of the Coorg Government in the following words :—

As pointed out by the Coorg Government,

"there are small holders who do intensive cultivation and get the maximum benefit. There are also small growers who reap crops only once in three or four years, the latter category are unfortunately more in number."

The small holding need not necessarily suffer in production because of its smaller size.

Figures of a previous survey.

The following reflections on the relation of methods of production to size in the report on the marketing of coffee in India 1940 point towards the directions in which technical assistance is needed by small holders. They are quoted below as the same conditions continue to day.

> "Though the method of cultivation on account of lack of funds tends to be backward the personal attention bestowed on small plantations neutralises to a certain extent the effects of primitive methods on the yield of the crop. It was found that almost the entire crop from small holdings was cherry-dried thus lowering the market value of the crop.
>
> The small growers have a higher proportion of their land under coffee and are to that extent more dependent on this particular crop for a living. The size limits to a certain extent the bargaining power of the planter. The market charges seem to be proportionately high."

Advisory Service.

10. If the increased yield of big growers is to be reached by the small holders, they will need a great deal of awakening to respond to new improvements.

The advisory service mentioned in the chapter on Research and Advisory services will have to be expanded to reach thousands of small growers. The proposals already made for a whole-time manager of coffee growers' primaries and a trained supervisory staff in a central co-operative coffee bank will provide an organisation which should be of material assistance to the Advisory Service. As the small grower cannot on his own initiative take advantage of the publications of an extension service and required individual attention, an expanded service is essential. As small growers are not confident enough to take an improvement and relied on their traditional community leaders for its acceptance, a technical service will fail to carry conviction unless it first influences local leadership. A small grower again may appreciate an improvement, but may lack finance to put it into effect. Even if credit is provided, he is not in a position to purchase individually his supplies. If the experts of the extention service are saddled with the responsibility of distributing manures and insecticides and keeping accounts it will result in the wastage of their technical talents and diversion from their legitimate functions. In the absence of business organisations, it sometimes happens that the extension expert has to maintain accounts of distribution of insecticides, manures, etc. which results in a wastage of his capacities in discharging non-technical functions. It will be the function of the staff of the proposed large-sized primary to look after these business activities and to provide leadership, credit, supplies and account-keeping and thus provide all the essential aids to the effective functioning of the advisory service.

The advisory service should be fully co-ordinated with the large sized primary and the coffee central co-operative bank so that it might render the miximum technical assistance in the distribution of credit and supplies, and their proper application. They should have the opportunity to advise on loans and supplies distributed by the primaries, the coffee central co-operative bank, and the central curing societies.

Marketing.

11. Marketing of coffee is now looked after by the Coffee Board and to that extent the small grower of coffee is in a stronger position than the grower of other commodities. He is assured of an income from his produce which will cover his costs of production and a reasonable margin of profit.

The small grower suffered, however, from certain handicaps. He had no pulping arrangements. He sold most of his coffee as cherry which did not fetch as good a price as plantation coffee. He lost the fruit cover and the husk which formed valuable manure. Although his coffee when delivered to the collecting agents or to the Boards depots was paid for almost in full, at the time of delivery he did not get the advantage of a proper valuation by the officers of the Board. The departmental depot manager was authorised to grant only minus but not any plus over the fair average quality. There was also no differentiation of the whole crop cherry of the small grower and the low grade cherry strippings of the big planter. Both got the same price. Where the depot managers were not agents of the Coffee Board but of the Pool Agents, the possibility of the grower getting a fair deal was even more remote. He was also not in a position to verify the out-turn given by the curer. The small producer had no transport to deliver his produce in right time. His bulk is not sufficient for a lorry. When he used the bullock cart, the transport charges were high. Charges of watch and ward were also high as his quantity was small. It is, therefore, necessary to strengthen the small producer by providing him with necessary facilities for processing so that he may not be exploited by curing houses.

A co-operative processing organisation of small growers is necessary. It can also be the agency of the Coffee Board for keeping custody of coffee, making payment to growers, and assisting in marketing ; in other words perform the functions of a "Pool Agent" as far as the members of the co-operative are concerned. It will comprise the large-sized primaries in its membership. It will have to be located in places suitable for growers to deliver their produce, and for traders to take charge of distribution. To economise costs, an area should be assigned for each central co-operative curing society. Under existing rules any individual grower irrespective of the amount of coffee he produced can join a large-sized primary and market his produce through the central curing co-operative society. While big growers may not need the services of a primary for advances, they will need curing and storing arrangements. Membership of such big growers directly in the central curing society for curing and marketing will have to be provided for. It would be an uneconomic and cumbersome process if companies and partnerships in the regions of the small holders are asked to cure their coffee and market it through a different organisation of the Coffee Board. Where it is not practicable to start a different curing house and marketing agency for companies and partnership, their membership will have to be approved as exceptional cases, or as an alternative their coffee will have to be cured for them at reasonable charges.

The Central Co-operative curing societies will have to be state-parterned, the Government or, in its place, the Coffee Board supplying the necessary share capital for the purchase of fixed equipments. They should get concessional finance from the Reserve Bank (through the proposed 'coffee bank' or central co-operative banks) for marketing of the crop, in respect of members other than companies and partnerships in the same way as other co-operative organisations engaged in the processing and marketing of agricultural products. The State Bank should finance the curing societies in respect of companies and partnerships. These two sources of finance should enable the curing societies to advance loans to all members to the extent of 75% of the value of coffee at $4\frac{1}{2}\%$ interest. When this loan on pledge of produce is issued, the curing societies will deduct the crop advances due from members of large-sized primaries and pay the remainder to them. They will thereby safeguard the loans issued by financing co-operative banks. Whenever the Coffee Board makes payment to the growers before or after sale, it will be first adjusted to

the loans advanced by the curing societies which will in turn repay the loans to the Reserve Bank and the State Bank as the case may be.

The curing societies will also have to undertake supplies for the primaries. They will have to be financed by the concerned financing banks for this purpose. A single co-operative supply organisation should work for all coffee growers in the south utilising the central curing societies for distribution to the primaries. If such an organisation will not be allowed under existing rules to make supplies also to companies and partnership concerns, then it should be formed as a supply corporation which will make supplies both to companies and partnerships as well as co-operative curing societies. The loans granted to primary borrowers by financing banks through the primary society may be adjusted towards these supplies.

The success of the primary society depended on that of the central co-operative organisations for finance, supplies, and marketing. The co-operative structure for small holdings will then be the following.

Long-term finance	Reserve Bank crop finance	Reserve Bank Marketing Finance	Coffee Board	Central co-operative supply society.
	Central Co-operative banks or proposed Coffee Central Bank			

Co-operative Land mortgage banks and L.T. finance section of the proposed central coffee co-operative bank.	Large sized primaries and joint farming societies (Credit, supplies, and marketing.)	Central curing societies for processing, marketing on behalf of coffee board, and supplies.

In the previous paras we have made a number of recommendations for the development of the economy of the small grower. Considering the fact that the problems of the big and the small grower vary largely and it is not possible to expect a mixed committee to take an interest in the problems which did not directly affect all of them, we consider that there should be a separate committee in the Coffee Board to look after the interests of small growers. This committee should comprise the representatives of the small Arabica and Robusta growers in the Board. It should further comprise the representatives of the central societies which cater to the needs of the small growers. The secretary for the Committee should be a development officer who should be specially appointed to implement these recommendations made to promote the interests of the small growers. The Chairman of the Board should be the Chairman of the Committee.

Small Growers' Development Committee.

One other suggestion we would like to make regarding the holding of the replanting fund which we have proposed in the chapter on 'Maintenance of Coffee Plant'. With the formation of the co-operatives the Board will have an agency to collect this fund and keep it in its custody on behalf of the Board. Not only collection but also distribution for re-planting purposes will thus be made easy.

CHAPTER XVI

RESEARCH TRAINING AND ADVISORY SERVICE

Introductory.

The need for scientific research and the application of the scientific method to the problems of Industry have been widely recognised today. Very early in the history of the coffee industry in South India, planters began to take interest in scientific research, manuring and other problems. The Government of Mysore was the first to appoint an agricultural chemist to investigate into coffee cultivation problems. In 1912 the UPASI appointed a scientific adviser to advise them on coffee cultivation. They had an experimental station at Sidapur and their scientific officers also conducted experiments on private estates in co-operation with planters. In 1926, the Mysore Government opened the coffee experimental station at Balehonnur. Mysore planters agreed to pay a cess of 2 annas per acre and the Mysore Government contributed a sum equal to the cess collected to finance the working of the Research Station. These two Research Organisations helped to keep up interest in scientific coffee breeding.

Coffee Research at Balehonnur.

2. In 1946, the Coffee Research Station at Balehonnur was taken over by the Coffee Board. The control by the Coffee Board is exercised through a special committee appointed for this purpose. The Coffee Research Station has branches dealing with subjects like Agronomy, Botany, Chemistry, Entomology and Mycology. Investigation on problems such as manuring, the management of the coffee plant, the problems of disease control with special reference to the green-bug and the stem borer and problems connected with the breeding of disease resistant varieties of coffee have been examined at the Research Station on a scientific basis. Their very valuable work in this field has conferred great benefits on the industry by promoting improved cultural practices for increasing yields. The expenditure on the Research Station is about 4 to 4½ lakhs of rupees per annum which includes the expenses for the maintenance of the estates attached to the Coffee Research Station. The Coffee Research Station also puts out a number of advisory publications embodying the results of their investigations. The scientific and advisory work done by the research station has been greatly appreciated by the planters to whom it has been of considerable benefit.

Need for Strengthening the Research Section.

3. In the opinion of Dr. Coleman, Retired Director of agriculture in Mysore who visited the State in 1953 "the equipment in the laboratories devoted to the various branches of research is very unsatisfactory and out-of-date." In his view "too much was being attempted by the small staff in the station and the staff should be greatly strengthened in the near future especially those dealing with plant breeding and the study of coffee disease and pests." We recommend that an expert scientific committee should enquire into the working of the research department of the Coffee Board and make suitable recommendations on the measures to be taken to strengthen the research section to increase its usefulness to the Planting community.

4. The Coffee Research Station has also now organised an extension service to convey the fruits of research to the cultivators in the field. The extension service consists at the moment of 8 Liaison Officers each in charge of a division. The number of letters and inquiries received by the Research Station on technical problems as a result of the visits of the Liaison Officers to the various estates indicates that the response to their work has been very encouraging. The first task of these Liaison Officers was to undertake a survey of the area under crop, the distribution of the type of crop grown, and the cultural practices followed etc., in the various regions. Following this survey, demonstrations and trials were laid out in each of the division to show the usefulness of improved practices for stimulating the yields. The success so far achieved by the extension service is an encouragement for the Board to take up more vigorous steps to strengthen and increase the Liaison staff and advisory services. We have in the coffee industry more than 30,000 small growers scattered in all the four coffee growing estates. It will be very difficult for the existing number of field officers to serve the needs of the large and widely scattered number of small growers. We are of the view that there is an urgent need for strengthening and improving the extension arm of the Research wing. A great deal of the success of the extension service will depend upon the Liaison Officers and their approach to the task. They should have the capacity to explain new ideas in a manner that will win ready acceptance. For this purpose, necessary training will have to be given to the Liaison Officers. The advisory staff and the extension service will not be able to function effectively unless they have the support of the local planting community whom they have to help and serve. We, therefore, recommend that the Coffee Board should organise regional advisory committees consisting of representatives of influential planters whose help will be available to the Advisory Officers to facilitate their work by securing necessary local co-operation. The advise of these local committees will also be helpful to the Coffee Board, for purposes of planning and development of the industry in the regions concerned.

Extension Services.

5. A Liaison service alone will not be effective unless the estate managers through whom they have to work were also trained in methods of coffee cultivation. The existence of such skilled management will not only ensure a rapid incorporation of the results of research in practical production but also act as an immense encouragement to the research workers. We are of the view that there is a need for a suitable course of training in coffee growing so that planters may take advantage of such facilities. In addition, it will also be helpful to those young men who contemplate coffee growing as a career, either as proprietors of their own estates or as employees in companies. Proper training in methods of coffee culture and plantation management will enable them to utilise their resources to the best advantage. This is a service which we consider the research station should arrange. We recommend that the Coffee Board in consultation with the industry should organise such a course in suitable places in coffee growing regions. The nature and the course of training, the number of people to be trained, the methods of selection and other details connected with the training scheme should be worked out by the Coffee Board and the Research Station. We hope that the future entrants into the coffee industry as managers and supervisors in the plantations would be recruited from those who have undergone this preliminary training. The Research Station should also convene frequent conference so that coffee planters and the research staff may come together and discuss matters of interest and exchange view on coffee cultivation problems.

Need for trained managerial service.

6. While the Coffee Research Station has done very useful work on cultivation problems, the Central Food Technological Institute in Mysore has taken up certain problems of research in the Technology of coffee. Certain schemes of research have already been carried out in the Food Technological Institute at the instance of the Coffee Board on methods of detecting adulteration and in techniques of brewing coffee. We are of the view that this line of research in the Central Food Technological Institute should be developed in future. Preparation of liquid concentrates of coffee and coffee tablets will help not only in increased consumption of coffee in the internal market but also as useful items for export.

Research on Technology of coffee.

7. Another item of research which could be usefully undertaken is in regard to soluble coffee. Soluble coffee has established itself in the United States since World War II. The exigencies of war provided the needed impetus for the supply of soluble coffee to the armed forces. Since then, it has come to stay in that country. It is estimated that more than 25% of coffee consumed in America is accounted for by soluble coffee. We feel that soluble coffee has great possibilities, in increasing consumption of coffee particularly in the regions in our country where coffee drinking is not at present popular. Apart from saving the labour and trouble involved in roasting and brewing coffee, soluble coffee can present a guranteed product and thus help in solving the problem of adulteration of coffee. We recommend that the possibilities of establishing soluble coffee industry in our country should be explored by the government and the industry and all possible assistance rendered in securing plant and other equipments for this purpose.

Soluble coffee.

8. Scientific research in coffee has been so far restricted to improving coffee yields and discovery of new strains of coffee seeds but very little effort has been directed towards the processing and technology of coffee. We are of the view that this line of activity should receive increasing attention of government and the Coffee Board.

Processing and technology of coffee—need for increased attention to.

CHAPTER XVII.

SALE OF COFFEE ESTATES

The introduction of coffee control has, as already observed by us elsewhere, brought about a great measure of stability to the coffee industry. It has consequently attracted the attention of investors who lured by the industry's gains in recent years have paid high prices for the estates bought by them. In Annexure XXXI is given a list of coffee estates the ownership of which has changed in recent years. The list does not include sales of estates in Mysore and Travancore-Cochin state for which particulars are not available.

Sale value-trends.

Values per acre in earlier purchases in 1943 and 1944 ranged between Rs. 800 and Rs. 900 only per acre. Some of the recent sales, however, work to between Rs. 1,400 and Rs. 2,000 per acre. In one case recently, the purchase price was about Rs. 2,740 per acre for coffee area; including other lands the value worked to Rs. 2,245 per acre. These trends indicate that between 1943 and 1955 the price of coffee lands has more than doubled. If interest on investment is reckoned at 4½% on a value of Rs. 2,000 per acre, the return to the purchaser would amount to Rs. 90. The Government Cost Accountant in his report of 1953 has suggested a fair return to be about Rs.100 per acre for Arabica estates and Rs. 78 per acre for Robusta coffee estates; the price level of coffee properties at 4½% interest is therefore in keeping with this return. But if an interest rate of 6¼% which normally an investor would expect was calculated on a value of Rs. 2,000 per acre, the return should be Rs. 125. The basic price in pool sales has assured a safe return to the grower and so long as there is this assurance, land price is bound to be affected by it. So long as the final price paid to the grower showed a rising trend and the average yield also went up steadily between the period 1944-45 to 1952 53, land prices also rose. This rising trend in sale price if not checked or regulated, will result in over-capitalisation in the industry. When Government assured a price to the grower which reacted on the free land market, care has to be taken to see that land sales are not made at excessive prices. On another ground too this has to be done as payment of a high price for land meant provision of a return on it. If more profits had to be distributed on this account, the grower would be forced to stint on other expenses resulting in a lower yield, a consequent higher cost, and a higher price to the grower. Land price should be related to returns from land. Net income over a long period should be considered. Both prosperous and lean years should be taken account of. Valuation without reference to the age of trees would throw a big liability of replanting old trees on the new buyer, unless proper allowance has been made for it in the fixing of the sale price. The report on the marketing of coffee in India said "In Brazil, it is stated that trees of 30-35 years are left out when valuing a plantation". (C. P. 31).

Purchases by companies.

2. When estates are purchased by companies and the latter want the sanction of the capital controller to issue shares and debentures to pay the purchase price, the capital controller has to post himself with information whether this price is fair. Two agencies help him with facts, one an appraiser appointed by the estate and another, the Chief Marketing Officer of the Coffee Marketing Board. In the absence of rules of valuation, these appraisals are

subject to a lot of personal equation. One planter estimated net income from 150 acres of Robusta coffee, 50 acres rubber and paddy 29 acres as Rs. 65,000 a year. He concluded his estimate by saying that it represented '37% of purchase price and 43% on capital'. The following was a recent estimate of the price of an estate in Mysore. "Yield $3\frac{3}{4}$ cwts. per acre—income Rs. 650—Expenditure Rs. 450—Profit Rs. 200—estimating return at $14\frac{1}{3}$%, the value per acre of bearing coffee land was Rs. 1400 per acre". In a third case the estate was valued at Rs. 2,058 per acre for 510 acres. These are all exaggerated valuations resulting in over-capitalisation of companies. Further only purchase of estates for which money was required as shares and debentures came before the purview of the Capital Controller but not other sales.

There were also sales of estates or companies to another company in which the seller was a director. Great scrutiny is necessary in permitting such sales.

Repatriation of sale money.

3. Between October, 1947 and January 1954 a sum of £3,04,112 or Rs. 40.54 lakhs was remitted outside India being the sale price of lands sold by 7 Non-Indian coffee companies. About 3,000 to 4,000 acres of coffee lands must have passed hands during this period among the big producers. A proper valuation is necessary to check whether the capital repatriated is a sum equal to a fair value of land. The Coffee Board should maintain a qualified staff for appraisal of land values to advise buyers and sellers and the capital controller.

Sales of small holdings.

4. Sales of coffee lands of small holders have taken place in Madurai and Malabar districts, the value per acre generally ranging between Rs. 200 to Rs. 500. As a result of the situation of such lands in hills and jungles and want of a wide bidding as in the case of lands on the plains, the price fetched in sales were small as would be evident from the table below showing sales which took place between 1952-'54.

TABLE LXXV.

Table showing particulars of a few sales of coffee estates in Malabar and Madurai Districts of Madras State.

Name of the village	No. of Sales	Average value per acre (In Rs.)
1	2	3
Kulakur	9	236 to 943
Pachalur	8	135 to 1,829
Periyar	8	139 to 1,785
Bodinayakanur	3	136 to 300
Adalur	11	22 to 1,028
Thonimalai	6	27 to 82
Malabar District	3	160 to 317

Source:—Madras Government, Land Revenue Department.

The area sold in a majority of cases in Madurai district ranged from 1 to 10 acres.

Sales by small holders holding below 100 acres.

5. With the assistance of the staff of the Coffee Board, we collected information from small holders holding below 100 acres, about land sales. The largest number of replies came from Mysore and they were in respect of holders below 25 acres. Sale values in the years 1951-'53 were lower than in 1954-55. They ranged during 1951-'53, between Rs. 131 and Rs. 500; while in 1954-'55, they ranged between Rs. 714 and Rs. 1,778 per acre. Generally money lenders purchased at a higher price between Rs. 625 and Rs. 1,778, possibly because the sale value was adjusted to debts due by the holder. In Madras, one block of land was sold at Rs. 2,163 per acre in 1952-'53, another for Rs. 1,000 in 1955, and a third for Rs. 400 in 1955. Sale price in Coorg was generally high, being Rs. 2,137, Rs. 1,287 and Rs. 650 in three sales. On the whole sale price was higher in later than earlier years. Price of coffee land was high both in Coorg and Madras.

The number of sales by owners holding between 25 and 100 acres was less compared to those of owners holding below 25 acres. There was not any noticeable difference in sale values between the sales effected by those holding below 25 acres and between 25 and 100 acres.

Recommendations.

6. In Chapter XX of Part I of the report on Tea, we have made the recommendation that in cases where sales of estates take place, there should be a stipulation in the deed of transfer that the buyer takes the responsibility for the continued employment of all the labour in the estates purchased. Where this is not done, the alternative should be for the seller to compensate his labour under Section 25 (F) of the Industrial Disputes Act. In such cases, to avoid hardship to retrenched labour, the provisions of Section 25 (H) of the Industrial Disputes Act which give retrenched labour, priority in the matter of re-employment should apply to the buyer. These recommendations should also apply to coffee estates. A tribunal in Assam delivered the following judgment in respect of staff :

> "When an estate is sold as a running concern, the incoming management must take over the staff in addition to ordinary labour on the same terms and conditions they had under the outgoing management".

This principle should also be followed invariably in all cases of changes of ownership of coffee estates.

We have already proposed that a development staff should be responsible for implementing a phased programme of replanting as well as replacement. This staff should also inspect the newly purchased coffee estates and provide every assistance to the new owners where necessary, to bring their estates into normal condition.

CHAPTER XVIII.

EXPANSION AND DEVELOPMENT.

A bird's eye view of the problem.

Coffee is grown in more than 32 countries of the world of which Brazil is the most important from the point of view of acreage and production. The world coffee market is very closely influenced by the Brazilian Government's coffee marketing policy. Till 1931, the Indian coffee planters were at the mercy of the world coffee market and its uncertainties. The Government of India's ban on the import of raw coffee seeds in 1931 marked the first turning point in the fortunes of the Indian coffee industry; but marketing was even then in an unsettled state. Since 50% of the total production had to be sold in the export markets, the export situation had a direct influence on the Indian market prices. Conditions changed when coffee control measures were instituted in 1940 and rescued the producer from the vagaries of world coffee prices. As a result of the improvement in prices and the confidence which planters began to have in the future of the industry, the area under coffee in India steadily increased from 1939; due to the improved cultivation methods introduced by the Coffee Board's research station as well as by the interest shown by planters in intensive cultivation and the increase in the area brought under coffee, production of coffee in India has nearly doubled in the past 15 years. The sheltered internal market with organised arrangements for disposal of the crops helped in the steady progress of the industry. Since export markets were closed as a result of the war, the first problem of the Coffee Board at its inception was to increase the internal demand so that almost the entire production could be consumed within the country. This was achieved with remarkable ease. The second was the regulation and channelling of distribution. For this purpose, the Coffee Board has adopted varying methods as a result of experience. The present problem in coffee is not only the regulation of the internal distributive trade but a planned expansion of production to meet the growing internal demand and to maintain and develop our export markets.

Essential organisational arrangements.

2. In an earlier chapter we have observed that the Coffee Board has at present no powers to regulate the area under coffee and have expressed the view that it is essential for the orderly development of the industry, that the Board should be vested with the powers to license areas for coffee production. Future expansion depends on proper forecasts of production. Forecasts prove difficult because estimation of yields on the basis of the age of plants, the making of due allowance for plants affected by the stemborer, estimation of the small holders' crop, and of varying yields, require accurate data to be collected over a long period. Great caution is therefore, necessary in planning production so as to avoid an undue increase in production without at the same time, preventing a necessary increase in relation to the demand. An effective control over coffee production mainly depends on the following organisational arrangements :—

1. There must be an agency to obtain reliable crop and consumption estimates.

2. The age of tree in each estate will have to be evaluated and estimates prepared for replanting or renewal of plants which have become useless due to age or diseases. The extent of area for introducing better seed strains should also be estimated. A development staff is necessary for this purpose.
3. There should be adequate staff to supervise the estates and issue necessary directives to growers on behalf of the Board in regard to better farming.
4. Expansion of production should be regulated.
5. The existing research department should be re-organised, and provision made for a directorate to attend to all aspects of production.

Reference has been made in the Chapter on marketing to the need of crop-estimation. The board must have the necessary powers to compel growers to submit necessary statistical information when called for. Estimates of consumption too should be properly maintained.

Any scheme of replanting will have to be carefully organised. Financial aid cannot be in the ratio of the area of bad trees in the ownership of every grower. It will then tantamount to a reward for those who neglected their estates. Those whose replanting record is good, who have shown capacities of increasing the yield, and whose percentage of aged trees is within tolerable limits should be given preference. Another group of growers may have to change over from Arabica to Robusta plantings or *vice versa* to accord with the type of soil. These should receive special consideration. There are also the small holders whose main source of livelihood is coffee and who should be helped to replant. All these principles should be taken note of in making estimates of replanting.

We have already mentioned in the chapter on replanting the need for a staff to plan the replanting and review its progress. The same staff will also supervise the soundness of fixed assets. As regards supervision over cultivation practices the liaison advisory service should be able to take care of it.

The need for regulation of expansion by the Board has been already referred to in the chapter on Main Features of the structure of the coffee Plantation industry; but certain principles have to be followed in regulating expansion. These are dealt with in later paragraphs.

We have already made proposals for expansion of research, an adequate advisory service, education and the training of the staff. With an expansion of these services, the existing research department will need reorganisation as a full-fledged agricultural department with a Director looking after (1) research, (2) extension, (3) training and education, (4) production and development. The Director will need the necessary Joint-Directors to assist him in performinng these services.

In planning the future develoment of the industry, it is important to bear in mind the following factors. Since 50% of the coffee is grown by small proprietary concerns, an increase either in the area or in the production of coffee, depends on the incentives offered to the small producer. In an earlier chapter, we have examined the problems of the small holder and we believe that if action along the lines recommended by us is undertaken, he will be able to fulfil his part in the development of the industry.

Fixing the proportion of Robusta & Arabica areas—Some guiding principles.

3. The increase in the area under coffee since 1940 according to regions is given in Table LXXVII. It will be seen that the increase in the Robusta area in almost all the regions has been higher than that in Arabica area. This is particularly so in Coorg. There is a fear amongst coffee planters that an unrestricted increase in the area of Robusta coffee will be disadvantageous to the industry in the

TABLE LXXVII.

Table showing the area under Arabica and Robusta for the periods 1941-'42 and 1953-'54 in the chief growing regions

(Figures in Cols. 2 to 7 are in acres.)

Region.	1941-1942			1953-1954			Percentage of increase.		
	Arabica	Robusta	Total	Arabica	Robusta	Total	Arabica	Robusta	Total
1	2	3	4	5	6	7	8	9	10
Madras	49,751	16,039	65,790	65,114	36,896	102,010	30.88	130.40	55.05
Coorg	32,011	4,733	36,744	28,911	21,564	50,475	-9.69	355.61	37.37
Mysore	68,855	7,790	76,645	73,701	18,075	91,776	7.04	132.03	19.74
Cochin	790	232	1,022	789	1,037	1,826	-0.13	346.98	78.67
Others	181	30	210	207	6	213	12.56	-80.00	-1.43
Total	157,598	28,824	180,411	168,722	77,578	246,300	11.29	169.14	36.52

Source:—Coffee Board.

long-run. In foreign markets the demand for cheaper varieties of Indian coffee is small compared to the demand for the plantation varieties and the Indian producers cannot compete with the producers of cheaper grades of coffee in the other coffee producing countries. There is therefore, a demand for restricting the area under Robusta coffee.

It is said that the small planter goes in for Robusta cultivation because of its relatively lower cost of production. Robusta plant is also less liable to diseases and pests which affect Arabica. But with modern methods of plant protection and high yielding strains of Arabica coffee resistant to leaf diseases which are now available, the argument against Arabica coffee on account of its higher maintenance cost cannot be sustained. Robusta in many cases has been planted on lands which are eminently suitable for Arabica. A change back is now necessary if more of the higher quality of Arabica is to be produced. The lower regions of Malanad or Nilgiris and Coorg which were not suitable for Arabica, could be used for cultivation of Robusta.

Both Arabica and Robusta should be made available to the Indian consumer and the Indian consumer should be educated to relish a proper blend of Robusta with Arabica. This is the problem which the propaganda wing will have to successfully tackle. The Board has expanded its service in this direction by selling a uniform blend of 75% Plantation and 25 % Robusta in all coffee houses but it is a pity that the board has stopped from 1955 the popularisation of pure Robusta which it was doing through a few coffee houses. In the north, the coffee habit has not yet taken root and it is therefore more easy to develop in this region a consumer taste for Robusta blended with Arabica than in the South. If the tastes of the home consumer could be gradually converted to the consumption of a larger share of Robusta than at present, leaving more of the best Arabica for export, the effects of the existing increased production of Robusta, will not be adverse. Greater amounts of the higher quality Arabica could then be released for export markets. There need be no fear of the expansion of Robusta affecting the growth of Arabica, provided each is given its proper place.

Though Robusta parchment commands a better price in foreign markets than Robusta cherry, its preparation is not undertaken by most estates in India because of the higher cost it involves and the difficulty of getting the necessary machinery. If proper machinery is made available to small growers, they can get a better price for their Robusta parchment.

Robusta coffee could be used for preparation of coffee tablets which would have a ready sale in the internal market.

Targets for expansion of production should be fixed after taking note of all these factors. At the same time, an unregulated and heavy supply of Robusta in excess of demand would also result in depression of prices of other varieties of coffee. Small growers own a larger proportion of Robusta area. Where small growers cultivate Robusta in lands suitable for Arabica for want of resources, every facility will have to be given to them to change over to Arabica wherever possible and to grow Arabica in new plantings. Also any extension of Robusta by medium and big growers should not be normally permitted in the future unless the land is unsuitable for Arabica.

In the opinion of the Research Department of the Coffee Board, "the yield of Robusta at high elevations where it has replaced Arabica has not been either regular or promising. The tendency to grow Arabica and Robusta as a mixed crop in the same field is definitely to be discouraged. To-day Robusta is being grown at all elevations, where Arabica can easily be grown, and over all soil and climatic conditions where Arabica does equally well or

better". All these seem to indicate that a proper demarcation of the area for Robusta growing and the area for Arabica growing has to be undertaken by a systematic survey by the Coffee Board and in granting permits for extension of new areas under coffee, these factors have to be borne in mind.

Estimate of demand and production for 15 years and regulation of expansion.

4. We note that the Coffee Board have programmed for a production target of 59,220 tons at the end of 15 years from now. Targets of production should be fixed after taking into consideration estimated demand and not merely on the basis of production possibilities; otherwise the coffee economy which is so well stabilised today may easily find itself in difficulties. According to our estimate of probable increase in internal demand and increase in exports, the position that we envisage for coffee at the end of the 15 year period is as under :—

An estimate of coffee consumption and production in 15 years from now

	Arabica	*Robusta.*
Assuming on the basis of recent data the annual increase in consumption to be 1,000 tons a year (7/10 Arabica and 3/10 Robusta according to existing proportion) for the next 15 years (1956-1971)		
The increase in consumption by 1971 in tons will be	10,500	4,500
Estimated Indian consumption at present (in tons)	14,700	6,300
Total in tons.	25,200	10,800
Add for export in tons according to existing proportion (90% & 10%)	8,000	1,000
Estimated production required in 1971 (in tons).	33,200	11,800
In cwts.	6,64,000	2,36,000
Acreage of coffee required for this production, calculating the average yield at 3 cwts. per acre for Arabica and 4 cwts. for Robusta which may be achieved by means of intensive cultivation.	2,21,333	59,000
Actual area planted with coffee in 1953-54,	1,68,722	77,578
Increase in area required.	52,611	—18,578

These figures of estimates of production should not be taken to mean that the estimated expansion in area would have to be immediately undertaken. The expansion will have to be phased according to demand. Secondly, though according to these figures the area under Robusta should be reduced, the expansion under Robusta consumption we envisage may be able to absorb the production from the existing area under Robusta. According to the estimate of the Coffee Board, on the basis of a greater yield per acre than what we have provided for, extension will be necessary till 1971 only to smaller extent of 21,000 acres under Arabica and 2,700 acres under Robusta. This estimate also provides for an additional tonnage of 4,000 tons for internal consumption and 11,000 tons for export. In deciding on any expansion, the urgency of new plantings for those whose existing estates are in unsuitable areas should be realised. The recent report of the officer on special duty who assessed the possibilities of expansion of coffee area, throw light on the importance of these new plantings. According to this report in some cases the areas are eroded because timber has been cut or they are on steep slopes lending itself to erosion. Badly eroded lands have in certain cases been wrongly chosen for planting (Napokalu in Coorg and Bhagamandla area). Areas having more than 150 inches of rainfall like for example places west of Somvarpet adjoining Pushpagiri hills, which give only a poor yield. Sometimes

areas suitable for cardamum and not for coffee (portions south of the Hemavati river in Benekal —Hobli firka in Mudigore taluq) have been cultivated with coffee. The eastern portion of Virajpet, Coorg and the northern parts of Koppa and Naresimharajapuram taluqs in Mysore are subject to erratic blossom showers affecting adversely the yields. In some regions as the Athigundi area in Bababudhan Giris (Mysore) heavy mist cover during monsoon causes much shedding of fruits and leaves. Also the disease of black rot sets in. The western slopes of the ghats open to the west are wind-swept areas which are unsuited to the growing of coffee (the area near Herekhan estate in Nudigere Taluq, Mysore).

Replanting should not be permitted in lands needing a long period of rest for recuperation. It was represented that, when an owner wanted to sell coffee lands, he naturally would like to get the maximum yield before such a sale. As the yield was quickened when shade was reduced, shade trees were cut and sold. Such lands will have to be temporarily abandoned.

A new planting policy should prevent extension in unsuitable areas. Secondly growers should be assisted to change over to suitable areas. Coffee cultivation is possible in certain parts of Assam, Orisa and Madhya Pradesh and we recommend that in any scheme of extending coffee areas, the suitability of extension in these regions should also be kept in mind. This will provide a useful source of employment to tribal peoples in these areas.

The Coffee Board's scheme.

5. The Coffee Board has proposed a scheme for increased production. The scheme contemplates financial assistance and provision of supplies with certain funds which it has requested government to provide. As the funds are limited, it naturally restricts its advances on certain priorities. They have limited their aid to those holding less than 100 acres. According to the Board, Robusta should not be encouraged. Hence it limits its financial aid to holdings of 25 acres and less under Robusta. Under the same principle, loans for opening new areas will be advanced to growers of Arabica holding upto 50 acres and to growers of Robusta holding only upto 25 acres. Any loan restrictions should however in no way adversely affect the demarcation of future areas for Robusta and Arabica on the basis of availability of lands and estimated consumer demand.

The scheme excluded direct aid to those holding 5 acres or less. At the same time it has recommended loans to co-operative societies of small growers by State Governments and the Reserve Bank. Any financial help should not be denied to the needy small holders and it should be available to them from the Coffee Board.

The principles laid down under the scheme for the grant of financial aid call for certain remarks. Loans given for intensive cultivation are to be restricted to 65% of the land value. Properties are to be valued by the revenue staff in close co-operation with board's officers. The loan amount is to be restricted at a uniform figure per acre. There is no provision under the scheme for long term loans for development of existing areas. The period of recovery of loans is not related to the period when the purpose for which it is advanced yields a net income. These principles will have to be revised by advancing crop loans to satisfy the full needs of cultivation and processing expenses, providing also long term loans, and fixing period for recoveries to that when the investment fructifies and yields an income.

The proposals in the scheme for supplies may need some alternations. The direct undertaking of supplies of fertilisers may be too much of a responsibility for the Board. Dependence on state agricultural depots for

other supplies may not give satisfaction to the growers. These supplies could be arranged by a co-operative organisation.

The responsibility of running nuclear seed and multiplication stations cannot be left to private agencies. The Board should undertake these tasks.

The scheme proposes that the minimum release price in auctions should be raised to the average final payment to the grower during the last seven years and guaranteed for the next 5 years. It means that the exceptionally large payments realised by the growers in previous years should be made the basic release price for auctions, thereby increasing the consumer price. At the same time the scheme requests suspension of agricultural income-tax, liberal concessions in regard to depreciation, concession in land revenue, and abolition of water-rate or collection of only a nominal rate. These proposals may need modification in view of the fact that government may not descriminate in its taxation policies in favour of one class of producers. Nor would the producer be serving his long-term interests by urging large increases in the price.

The constitution of the Coffee Board.

6. The recent reconstitution of the Board was made in conformity with the larger functions assigned to it under the new Act for controlling the industry. Until 1954 the object was limited to that of assisting the growers in the marketing of coffee. It was mainly a Producer-Board managing its affairs under an elected chairman. The new constitution gave power to government to appoint an official as the whole-time chairman of the Board. More powers have been taken by the government in the interest of controlling the industry. The Board is subject to the control of government. Interests unrepresented in the previous Board have been given representation in the new Board. The small growers and Robusta growers get 50% of the representation given to the producers. The number of labour representative has been increased from 3 to 4. Provision has been made for the nomination of 3 consumer representatives. Two members of Lok Sabha and one from the Rajya Sabha also sit in the New Board. The curer as such gets a special representation. During our tours, various representations were made that the representatives of different interests in the Board should be as far as possible elected. The government too gave an assurance in the Lok Sabha that the elective element would be broadened. We consider that an enlargement of the elected elements will only strengthen its advisory character. If our proposals are implemented and small holder's co-operatives come into being, they will be the proper electorate to send delegates representing the small growers. The dealers are all registered by the Board and the curers are licensed. It is easy to form constituencies among them. Consumer representatives can be elected by the consumer co-operative societies. For these various regions, we recommend that nominations to the Board should not be made by government unless unavoidable, and the principle of election should be applied to the extent possible in choosing representatives of all the interests. We will further add that on the same grounds on which nominations of officers of the Union government by the Government of India to the Board has been stopped, excepting as non-voting members, government nominees of State Governments should also be non-voting members. Also, in so far as state governments discharged no special responsibilities in respect of the coffee industry excepting in respect of labour relations, it is not possible to expect official nominees of state governments to take any deep interest in the affairs of the Board. For these reasons, we recommend the abolition of the membership of state governments in the Board. Labour Commissioners of the state governments, however, should have a place in the industrial relations and welfare committees of the Board as non-voting members.

Representations were made to us during our tours that representatives combining in themselves, conflicting interests as producers and trader, producer and curer, producer and roaster, will not be in a position to faithfully represent the different interests. We recommend that the rules under the Coffee Act should provide that representative of various interests should not combine in themselves the functions of more than one interest.

In the report on Tea, we have laid down certain principles for the appointment of committees in the Tea Board. They should also have an equal application to the Coffee Board.

Regulation of the working of companies.

7. We would like to refer in this chapter to certain recommendations made in our report on Tea which have an equal application to coffee. These relate mainly to the administration of companies. They are given below but adapted to the special conditions in the coffee industry.

(i) The smaller companies could obtain the advantages of drawing upon a large cadre of experienced managerial personnel if they will combine together for the purpose of organising such a cadre. Any such association of producers for this purpose will have to be on a voluntary basis. We recommend that the Coffee Board should give every encouragement for the formation of such common cadres.

(ii) The possibility of any reduction in production costs lay partly in bringing down the administrative costs incurred on Non-Indian managerial staff and managing agencies.

(iii) We have made recommendations for the creation of new co-operative organisations for processing and supplies and greater assistance from the State Bank of India and State Finance Corporations. When these institutions recommended by us are fully developed, the need for the Managing Agency system in the coffee industry should disappear.

(iv) We recommend that remuneration to staff should take the form of a fixed salary.

(v) High managerial overheads are by no means essential for efficient productivity. We suggest that the Coffee Board should be empowered to examine cases of disproportionately high remunerations paid to managerial and other senior staff in coffee companies and when necessary advise companies concerned in this connection and exert its influence in reducing the disparities wherever they exist.

(vi) We recommend that an increasing number of Indians be appointed in the managerial cadre of Non-Indian coffee companies.

(vii) We feel that it is essential that a system of local audit of the garden expenditure and other branch office expenditure should be insisted upon by the government in the case of all companies.

(viii) We suggest that in regard to the exercise of powers under the new companies Act, there should be consultation among the Ministries concerned, the Company Law Administration and the Chairman of the Coffee Board. They should decide as to which powers should be delegated to the Coffee Board, which should be exercised after its consent and which by the Company Law Administration directly.

(ix) The Controller of capital issues should make a more rigorous scrutiny of the applications of plantation companies for issue of share capital and capitalisation of reserves and debentures. The Coffee Board should be consulted in this matter. As the Board tries to secure for the coffee grower basic price on the basis of costs plus return on investment and as the cosumer has to foot the bill, a greater scrutiny of share capital is necessary so that it may not be more than the value of necessary fixed assets. Over-capitalisation resulting from excessive valuation of fixed assets has also to be scrutinised.

Ceiling on land holdings.

In our report on Tea we had stated that in the case of Plantations which are worked as large single units of production any attempt to change their structure by breaking them up into numerous small units will result in a breakdown in production and that the best policy is not to fix any ceiling on land-holding in the Plantation Industry. This applies to coffee also.

Conclusion.

In conclusion, the future development of the coffee plantation industry will depend on a regulated expansion of production which should be properly geared to the needs of internal consumption and of exports. Production should be increased primarily by increasing the yield per acre by adopting improved methods of cultivation. A well-planned assistance to the small grower is necessary to enable him to increase his production potentialities. There should be a proper demarcation of the area suitable for Arabica and Robusta. Consumption should be increased by scientific methods of propaganda both in the internal markets and abroad.

The outlook for coffee is extremely encouraging. With a proper consolidation of small holdings and the formation of state-partnered co-operatives for processing, provision of facilities for finance and supplies, and a whole time extension service coupled with a trained, managerial service, production is bound to expand and become economic and efficient. The proposals we have made for finance for a warehousing corporation, improvements in the methods of coffee valuation, and a price assistance fund, will go a long way in assuring a fair price to the producer. The demand for Indian coffee is increasing. Indian coffee has an assured foreign market. Strict control over private distributing agencies, strengthening of local auctions, greater utilisation of co-operative agencies for distribution and the cheap coffee scheme which we have proposed will help the consumer to get coffee at a fair price.

CHAPTER XIX

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Chapter I-General.

Though the total production of coffee has increased considerably during the past 15 years, production per acre has not shown any significant increase.

We note that the better-managed estates have adopted improved methods of cultivation, plant protection, manuring and other scientific cultural practices, but a very large number of estates still use poor strains of seeds, maintain aged plants, have poor manuring and poor spraying against pests and diseases. If the latter class of estates also adopt better methods to step up their production, the yield per acre would be higher. (Para 5).

The Indian coffee industry is sustained at present largely by the internal market which is also steadily expanding.

Though the F.A.O. report on coffee for the year 1955 forecasts a surplus production for coffee in the coming years, Indian coffee may be able to hold its own on account of its high quality and the fact that the quantities exportable are not likely to be large. (Para 7).

Chapter II—General Characteristics of the coffee growing regions.

The yield per acre of Arabica is the highest in Coorg. In the case of Mysore, the yield per acre for Arabica is only $\frac{3}{4}$ of that in Coorg and in Madras the yield per acre for Arabica is half that in Coorg. The Robusta yield in Madras is exactly half the yield in Mysore and less than half the yield in Coorg. This is the position when we consider the yield on an yearly basis.

Taking six-yearly averages of the yield, the position does not seem to be very different.

Anamalais and Coorg show higher yields in Arabica than Mysore, and Malabar-Wynaad the lowest. Nilgiris comes next to Anamalais and Coorg in Arabica yields. (Para 4).

The yield per acre shows an increase of 44% in the yield of Arabica and 31% in the case of Robusta between the years 1950 and 1953 as far as the reporting estates are concerned. This is indicative of the greater awareness shown by coffee growers in recent years of the need for increasing the yield. (Para 6).

The yield increases progressively as the size of the estate increases. But the increase in yields in the groups below 100 acres is not as significant as the increase in the groups over 100 acres. (Para 7).

The average yield per acre of coffee in India is the lowest when compared to the average yields in other coffee-growing countries.

A comparison with the yields in some of the other important coffee growing countries indicates that the yield in India is just about 60% of the yield in most other countries. (Para 8).

One of the important problems of coffee in India to-day is that of improving the standards of production so as to obtain a higher yield per acre. (Para 9).

Chapter III—Main features of the structure of the coffee industry.

Since 1946 though a number of estates have changed hands from Non-Indians, to Indians, the establishments for processing coffee and preparing it for the market have largely continued to be in the hands of Non-Indian concerns and even to-day the greater part of India's coffee is processed by these Non-Indian companies. (Para 2).

The total area under Sterling and Non-Indian ownership and control is only 23,000 acres forming less than 10% of the total area under coffee and 20% of the area of the over 100 acres. Their production is comparatively larger, being about 25% of the total production of coffee in India or 45% of the production of estates over 100 acres. (Para 8).

Estates of 100 acres and above, forming less than 2% of the total number of estates, account for 50% of the total acreage and about 63% of the total production; of the holdings below 100 acres, those with acreages below 50 acres cover 96,681 acres or 40% of the total coffee area and account for about 20% of the total production. Ownership of coffee plantation areas is not concentrated in the hands of a few managing agency companies to the same extent as in the case of tea. One prominent managing agency company in the West Coast controls 6,888 acres of coffee producing nearly 1,200 tons of coffee per annum or 5% of the total production of coffee in India. The average area per company is 322.5 acres in group 9 (estates of 250 acres and above), which is the largest group. The reporting companies, however, showed that three sterling companies, had an average of about 800 acres each, and 20 Non-Indian companies 470 acres each. (Para 9).

Out of the total number of 590 estates of 100 acres and over, the area owned by Joint Stock companies covers 44,975 acres or only 37% of the area of estates of 100 acres and above. Of these, 7 companies cover 15,500 acres and account for about 3,200 tons of coffee ; one company alone covers 6,700 acres having an annual production of 1,900 tons. (Para 10).

Only 53% of the area owned by the estates is actually cultivated with coffee. About 15% of the reporting area is suitable for coffee cultivation but is not yet planted. (Para 12).

A very large number of small growers (98% of the total number) producing about 2/5 of the total crop and a relatively small number of large growers (2% of the total number of growers) accounting for the balance of 3/5th of the crop, are organised under the Coffee Board which markets the produce, besides conducting propaganda and research. (Para 15).

There should be powers for the Coffee Board to regulate the extent of area in relation to the needs of production. (Para 16).

We recommend that necessary amendments in the Coffee Act should be made so as to vest the Board powers for lincensing coffee production. (Para 16).

Chapter IV—Capital Structure.

The total capital invested in the coffee plantation industry by estates of 100 acres and above is estimated at Rs. 14.57 crores of which Rs. 2.4 crores are Non-Indian and Rs. 12.17 crores are Indian. The investment by Sterling companies amount to Rs. 27.5 lakhs, Non-Indian rupee companies Rs. 102 lakhs and Rupee Indian companies Rs. 431 lakhs. The investment in Proprietary and Partnership concerns is estimated at Rs. 580 lakhs, of which Rs. 113.7 lakhs is Non-Indian. Between 1939-54 there has been a marked shift in the investment from Non-Indians to Indians, and an increase in the shareholding of managing agents and Institu-

tional Investors. Even so, the share of Managing Agent's holdings to the total, bears a much smaller proportion than in the case of the tea industry being only about 1.2% in 1954. Investment by Institutional Investors in coffee companies is also very low at 2.8%. (Para 3).

A study of the value of assets shows that Indian companies have greater land assets but lesser assets in respect of buildings, plant and machinery than Non-Indian companies. Non-Indian companies have a greater percentage of aged trees ; they will have, therefore, to improve their land assets. (Para 4).

The increase in net working funds is evident from the fact that current liabilities have fallen from 16.6% in 1953 along with the increase in floating assets. (Para 5)

Fixed assets are highest in the Director Controlled Indian companies at 1,258 rupees per acre in 1953. Fixed assets per acre is also high in companies under Indian Managing Agents. These amounted to Rs. 846 in 1946 and Rs. 886 in 1953. (Para 6).

The increase due to bonus shares forms 130% of the paid-up capital in 1946 in the case of Non-Indian companies and 75% in the case of Director Contributed Non-Indian companies but only 16% in the case of Indan companies. The capitalisation of reserves account for the larger percentage increase in the capital in Non-Indian companies. There has been no increase in the paid-up capital of Sterling companies. (Para 7).

Analysed company-wise for 1953, the sum of net worth per acre might be considered adequate. Assuming the sum of Rs. 933 which is the valuation of fixed assets by the cost accountant as what will be required as share capital for purchasing the fixed assets, companies with another sum of Rs. 300 for reserves should be considered as sound in respect of source of funds. Companies having net worth of Rs. 1,200 per acre should be considered financially sound. Out of 12 Indian managing companies, 4 had over Rs. 2,000 as net worth. While one Non-Indian managing agency came under this group, 3 of former and 4 of the latter came under the group holding a net worth below Rs. 1,200. The 5 Non-Indian director controlled companies had all a net worth between Rs. 1,100 and Rs. 1,500. (Para 8).

The increase in reserves has been largest in Director-Controlled Indian companies at 351% while in the other groups this increase is between 56% and 216% (Para 9).

Borrowing formed only 16.3% of total assets. Only Indian companies went in for Bank Borrowings. The amount of these borowings increased by 3 times between 1946 and 1953. Debentures form a significant part of total borrowings. In 1946 it was more than 50% of total borrowings for all companies taken together. Debentures from a substantial part of the borrowings in the case of Rupee companies under managing agents (Indian and Non-Indian). The Director-Controlled Indian companies also showed a considerable part of borrowings under debentures. Borrowings fell from 20% to 10% of total assets in Indian companies. In Non-Indian-companies the fall was not so pronounced while in Sterling and the Director controll d rupee Non-Indian companies there was an increase (Para 10).

The companies in all the groups have on an average about Rs. 600 per acre as working funds. Working funds per acre have increased over ten times in Indian companies under Managing Agents and by nearly four times in the Director-controlled Indian companies.

Total capital formation in these companies has been of the order of 188.6 lakhs or 65% between 1946 and 1953. Management-wise percentages are as follows:—

Sterling	60%
Non-Indian companies under Non-Indian Managing Agents.	114%
Indian companies under Indian Managing Agents.	46%
Non-Indian companies controlled by Directors.	123%
Indian companies under Directors.	117% (Para 11)

The percentage of dividend has ranged between 20 and 30 per cent on ordinary capital. The fact that this high dividend is declared on inflated capital (that is a capital which has been increased by the issue of bonus shares) masks the fact of the larger distribution of profits as dividends. The fixed assets of coffee plantations consist mainly of the coffee tree. The coffee tree, by its very nature, is a wasting asset and it is noted that none of these companies have provided for this depreciation or made sufficient provision for replacing it. The working funds available with the companies would not be sufficient to meet the entire expenses for replanting. Although there has been large profits in the Industry, the growth in internal resources has not been sufficient to meet present replacement costs. We feel that coffee companies should have followed a more prudent policy in the distribution of profit as dividends and retained a larger part of it within the business so as to maintain the fixed assets in a normal condition; a limitation on dividends would in itself have put them in sufficient funds for carrying out necessary replanting and improvement of the coffee lands. (Para 12).

An analysis of the fixed assets in certain selected companies reveals the following features:—

Land assets per acre have remained the same or have dwindled.

Building assets per acre has increased by nearly one half or even more.

When fixed assets comprise items which have no productive value, the distribution of profits on an inflated equivalent of these assets will only lead to gradual dimunition of the net worth and is certainly not to be regarded as a healthy development.

In the last analysis, the real source of developmental finance is to be looked for in the savings of the industry itself and it is to be hoped that coffee companies will adopt a more prudent policy in the distribution of dividends in future and put by larger funds for financing schemes of development. (Para 13).

Although paid-up capital shows an increase, almost the whole of it is accounted for by bonus shares. It is to be noted, however, that these bonus shares have come from capitalisation of reserves and not by revaluation of fixed assets. This is a feature which distinguishes coffee companies from tea companies in general.

But in many companies the increase in fixed assets has been more in the shape of building and other non-productive assets rather than improvements to coffee lands. (Para 14).

We recommend that the Coffee Research Station should examine the practicability of combining animal husbandry with coffee growing in our country also. (Para 7.)

Capter V—The cultivation maintenance and processing of coffee.

We feel that a co-operative supply organisation under the auspices of the Coffee Board will be a more responsible agency for distributing artificial fertilisers and mixtures than private firms. We, therefore, recommend the establishment of a co-operative organisation for this

purpose. This organisation should have the sole right of sale of artificial fertilisers and mixtures. (Para 8).

We recommend that the Coffee Board under its Research Department should have mobile pest-fighting units which could be sent round from estate to estate to help the planters towards better plant-protection. The services of these mobile teams should be made available to all coffee growers at rates depending on the size of their holdings. The administration of this service should be by a staff of field workers which should be separated from the extension service though the extension service and the pest control units must act in close co-operation with each other. (Para 11).

The urgent programme in coffee should be to spread a high-yielding and disease-resistant plant material. (Para 12).

Estimating the area of trees planted before 1920 *i. e.*, trees which are more than 36 years old and therefore due for replanting, Mysore has 66.9%, Madras 52.92% and Coorg 35.14%. The problem of replanting is, therefore, more acute in Mysore than in other regions. Figures of new plantings and replantings of reporting estates, carried out during the ten year period ending 1953, show that Madras has replanted 21.27%, Mysore 18.67% and Coorg 12.49% of the reporting area. Replanting has to be carried on at a greater rate than has so far been done. (Para 14).

Of the total percentage of area planted before 1920, 58% fall in the group planted before 1900. This is the largest single group compared to other groups according to age. Of the area planted before 1900, the percentage is very high for companies under Non-Indian managing agencies (44.6%) and Non-Indian Proprietary concerns (35.81%), while it is 19.4% for Indian Proprietary concerns. (Para 15).

Non-Indian companies and proprietors would have about 75% of their area due for replanting while Indian proprietors and companies have 29% and 38% respectively. (Para 15).

More than two-thirds of the reporting Non-Indian concerns did only a replanting of 4/5 per cent of acreage per year or 8% during the last 10 years while a majority of 13 Indian proprietary concerns has replanted 40% of their total area during the last 10 years and the remaining 12 have done 9%, the average being 28%. (Para 16)

Present costs of new planting in virgin jungle may be taken as ranging between Rs. 2,000 and Rs. 2,500 and of new planting on reclaimed land as ranging between Rs. 1,500 and Rs. 2,000 and replanting in existing lands as ranging between Rs. 1,500 and Rs. 2,000. (Para 18).

The Indian proprietary concerns have done more new planting rather than replanting. (Para 19).

Unless a phased programme of replanting is urgently commenced, certain coffee lands would have to be abandoned during the next 10 years and in consequence production would seriously diminish. It should also be noted that the needs of replanting in borer-affected estates are greater than in other. (Para 20)

A greater rate of progress in replanting is necessary to prevent the industry running down in vitality and productivity owing to the ageing of the plants. (Para 20)

Replanting is necessary for replacing aged trees, for replacing borer-infested plants and for replacing the low-yielding strains by higher yielding ones. (Para 20).

The situation demands a well planned action on the part of the Coffee Board and the growers. (Para 20)

In some estates, even if trees are not aged they may have been planted in unsuitable areas leading to uneconomic returns. Replanting or new planting should not be permitted in regions unsuitable for the growing of coffee. The Coffee Board should assess the requirements of production for each year and allocate the area that has to be replanted by the estates during that year taking into account these various factors. The laying down of a specific figure for each estate is undoubtedly a difficult matter, but this has to be done if production is not to be seriously affected by programmes of replanting resulting in uprooting of existing trees. After determining the needs of production and the area that may be replanted, certain priorities will have to be fixed in respect of estates where larger areas for replanting are in evidence. Government should take steps to ensure that estates make provision for the replanting of the area allotted to them before they declare dividends or repatriate profits. (Para 20).

We recommend that each coffee estate should be required to lay aside every year a certain sum of money for the specific purpose of financing programmes of replanting.

The amount paid by each estate should be held to the credit of the estate concerned in a separate fund called the Coffee Replanting Fund by the Coffee Board and the estates may be allowed to withdraw from this fund such amounts as may be necessary for the purpose of replanting, according to a programme of replanting approved by the Coffee Board. The Fund should be used only for replanting and, even when an estate changes hands, should continue to be held to the credit of the estate for that purpose. Necessary legal powers will have to be taken by the Government to compel each estate to contribute to the replanting fund. It may be that there are some units of the industry in any particular region which may not be able to contribute to this compulsory levy. There should, therefore, be a provision for special treatment to be meted out to such weak units. The scheme may be applied in the first instance to estates of 25 acres and above.

We recommend that contribution to this fund by the coffee estates should be allowed as an admissible charge for the purpose of computing agricultural income tax. While this fund will ensure necessary financial provision for replanting of coffee trees that will get depreciated hereafter, it will not provide funds to make up for past arrears of replanting. For this purpose we have recommended certain financial schemes which are elaborated in our chapter on "Finance" and on "The small holder".

If the ownership of these estates changes hands, adequate consideration should be paid to the needs of rehabilitation and necessary finance provided for this purpose by the buyer. In the case of sales of sterling capital estates, repatriation of sale proceeds should be permitted by the Reserve Bank only after it has ascertained from the Coffee Board that the necessary contribution to the replanting fund has been made by the buyer. (Para 15).

The Coffee Board should have a development staff for this purpose distinct from its advisory services. They should see that the estates fulfil the targets of replanting set to them by the Coffee Board. As the need to maintain estates in a state of continued efficiency is paramount, we recommend that the Government should assume legal powers to make investigations and issue such directions as may be found necessary for the proper maintenance of fixed assets including replanting in any estate. This may be done by a suitable amendment of the Coffee Act. It may be mentioned that wide powers for investigation and issuing of directives have already been taken by Govern-

ment under Sections 15 and 16 of the Industries (Development and Regulation) Act as regards industries which come under its schedule. The provisions of the British Agricultural Act 1947 under which directives can be issued for proper land management and husbandry have also relevance in this connection. Also the Coffee Board should have power to issue directions in regard to better farming. The Advisory service should see that they are enforced. (Para 22).

The directives to growers by the native coffee board in Tanganiyka also indicate their nature and scope in enforcing better farming. (Para 22).

The second five year plan also lays stress on the need for land management legislation for the maintenance of efficient production. (Para 22).

The Non-Indian section shows a larger percentage outturn as parchment than the Indian section. (Para 24).

Most of the large companies/concerns have adequate facilities for pulping, fermenting and washing. The small proprietary concerns lack these facilities. (Para 24).

We recommend that a systematic investigation of actual costs of curing should be taken up by the Coffee Board for scrutiny by a Cost Accountant and reasonable charges fixed on the basis of such investigations. (Para 26).

Chapter VI-Cost of Production of Coffee.

It is found that the expenditure on spraying and dusting was the highest in Coorg. Mysore came second, and Madras third in this item of expense, an indication of great care by the planters of Coorg in the maintenance of the coffee tree. (Para 11).

In Madras, coffee was a mixed crop along with tea; estates had to maintain the same standards of labour wages and labour welfare for all the plantation crops. They spent more on general field works, filling in vacancies, wages for gathering and processing, medical benefits, and bonus to labour.

Mysore indicated less expenses on improved practices. It spent the least as compared to other regions in filling in vacancies.

Robusta costs in Coorg were in certain respects higher than in other regions.

In the matter of upkeep of the estate, despite more than double the yield than Madras, Coorg spent four times as much as Madras. This showed that larger expenditure was incurred on other items like roads and buildings than in Madras. Robusta estates in Coorg spent three times as much as Madras on medical benefits. Their general charges were far higher than in Madras.

Madras spent double of Coorg in general field works due to higher labour wages and lower yields.

The Non-Indian proprietary concerns showed the lowest costs under cultivation in 1950 as well as in 1953. This was not due to any decrease in expenditure under necessary items which had a direct relation to an increase in the yield.

The overall increase in expenditure between 1950 and 1953 has been partly contributed by a greater expenditure by all concerns on manuring, spraying and pest control.

Sterling and partly Indian companies under Non-Indian managing agencies spent far more on medical relief than Indian companies and proprietary concerns, Indian or Non-Indian.

Commission to staff was the highest in Sterling companies, about 3½ times the average. Non-Indian proprietary concerns spent Rs. 2.18 per

cwt. Partly Indian companies under Non-Indian managing agencies and Indian companies spent the least.

Commission to managing agencies and directors was a big item of expense for companies under managing agencies.

Cultivation is one of the items in which Robusta cost is lower than Arabica. The difference varied from Rs. 8 to Rs. 22. It was contributed mainly by spraying and dusting charges which were incurred in Arabica but not in Robusta. Manuring charges too were less for Robusta. The costs of general field works on the other hand were more for Robusta.

Crop-gathering and other processing charges were lower for Robusta as compared to Arabica. Non-Indian proprietors spent 33⅓% less on Robusta as compared to Arabica.

Charges of upkeep, depreciation, recruiting, medical and other labour benefits, bonus to staff and labour, commission to managing agencies, and salaries and allowances were higher for Arabica than for Robusta production.

Our analysis of costs of production for Arabica, Robusta and mixed Arabica and Robusta estates shows that the costs have been rising since 1950. Cultivation charges and general charges show considerable increases. During the years, 1950-53, costs have increased more in certain regions like Mysore and Coorg than in Madras. These higher costs lead to the fixation of hgher basic release prices by the Coffee Board, and due to the sheltered market for our coffee, these higher costs have a tendency to be passed on to the Indian consumer in the shape of higher selling prices. In view of this, it is very necessary to estimate costs of production of various types of coffee in a most scientific manner under the aegis of an independent expert agency. We recommend that such an agency should be brought into existence at an early date (Please see chapter X, Marketing-Primary Sales for further details). This agency, with the help of experienced coffee planters and Charted Accountants, should standardise forms for cost of production returns by various estates. Such forms will ensure more uniformity and better comparability of cost of production data.

The recent trends in costs of production of various types of coffee indicate the need for reduction in costs wherever possible without loss of efficiency.

Chapter VII-Higher productivity of labour.

The coffee-grower, the supervisory staff and labourers should be trained in the raising of crops other than coffee. (Para 2).

The problem is one of right recruitment and right training, not of one layer of staff alone, but the managerial, the supervisory and the technical and manual workers. Also, the small holder and the medium proprietor equally needed training. (Para 7).

Coffee producers should be given every encouragement to form an association to recruit labour in every region. (Para 9).

The number of permanent labour force which was settled in the estates is not steady. With the achievement of a higher yield which could cover costs, permanent labour force may increase in number. Labour per acre will increase with more production. As regards temporary labour, with the enforcement of a slightly higher wage than the minimum so as to include the cost of amenities which resident labour got from the estates, employers will feel more inclined to reduce their number and rely more on permanent labour. (Para 14).

Coffee growers should have second lines to their main industry which would not only give full employment to labour but also help to balance their variable incomes from coffee. (Para 15).

The State Governments and the Coffee Board, therefore, should give high priority to a plan of organising supplementary employments as ancilliaries of the coffee industry. (Para 15.)

In coffee, the basic price is fixed with the approval of the Ministry of Commerce and Industries on the basis of costs of production. Wages form an important element of costs of production. In the circumstances, State Governments, in fixing wages for labour, should act in close consultation with this Ministry.

In the absence of full data it has not been possible for us to find out definitely as to whether the coffee industry is in a position to implement all the provisions of the Plantation Labour Act within a short period of time. However, in view of the fact that income per acre in coffee is less than that for tea, the phasing of the programme for capital expenditure may have to proceed at a slower rate. (Para 15).

The annual average amount set apart as reserves between 1950 and 1953 may be available for this purpose on the assumption that the same level of profits is maintained in the future.

Table showing funds available.

Average amount set apart as Reserves.	Rs.	117.8
Deduct Replanting fund for the future per acre (2½ % of area at Rs. 1,500 per acre to be replanted.)	Rs.	37.50
Deduct export "surplus" to be taken to a Reserve.	Rs.	26.00
Balance.	Rs.	54.32

More funds will be available if dividends and managing agency commission are reduced. There is scope for reduction under these heads and we are of the view that necessary reduction should be made. Also, there is scope for reducing capital cost on building construction, (houses, creches, hospitals etc.) if locally available and cheap materials are used for the purpose to the largest extent possible as we have recommended in our report on Tea.

This calculation does not take into account the costs for rapid replanting in order to make up the arrears of previous neglect to replant and restore the estates to their normal health. We expect that companies and other concerns would be able to meet this cost out of their own working funds which amounts on an average to Rs. 600 per acre. But there may be companies who may have to borrow for replanting and for their working capital. In their case, the profits will go down as interest charges will be an additional item of expenditure for them. According to the United Planters Association of Southern India, the extra recurring cost per worker would amount to Rs. 136/11/6 per year. Also, necessary reserves will have to be maintained by the industry. Hence this limited availability of internal resources will have to be taken into consideration in phasing the programme of capital expenditure under the Plantation Labour Act. When once the replanting programme has been speeded up, ample funds for capital expenditure enjoined by the Plantation Labour Act would be available. In this connection, one fact about the Indian coffee industry should not be forgotten. Its fortunes are not dependent on a competitive international market to the same extent as in Tea. If recurring and capital expenditure for welfare cannot still be met after the proposed reductions in dividends and commissions above mentioned, it will have to be passed on to the consumer. Coffee being a contro-

lled commodity sold on the basis of a basic release price determined by the Coffee Board, it may have to be increased if labour costs go up.

We have referred in the chapter on Plantation Labour Act and Labour Welfare in our Report on Tea to certain principles and policies. These have an equal application to the coffee industry. They are detailed below:—

"Sometimes we have to put up even with slums because we have to do something else first. I believe in Germany where they have made tremendous progress they have been concentrating mainly on the factories; they continue to live in bad houses but they built up their factories." (Prime Minister 7th January, 1956, at the meeting of the Standing Committee of the National Development Council).

We think that a reduction in cost may by possible if suitable locally procurable building mterial could be used wherever possible, timber, brick and lime mortar could be substituted for cement and steel. In hot and damp regions a thatched house, provided it is well constructed and damp and wet-proof, may be suitable.

One of the reasons advanced for the slow progress of housing construction was the difficulty of getting cement and steel in sufficient quantities. These matters will be considered by the advisory committees to be set up under the Plantation Labour Rules and we do hope that these committees and the State Governments will keep in view the felt needs of the workers in each region and the availability of materials both from regional as well as national points of view. These limitations should also be kept in view in respect of other constructions as creches, canteens, hospitals and school buildings.

Considering the magnitude of capital expenditure it will have to be discussed with the planning authorities in the country and correlated to other capital expenditure, so that national plans are in no way prejudiced for want of co-ordinated policies.

We agree with Dr. Jones' view that what is required is not so much large specialist hospitals as measures that would help in securing for the workers efficient sanitation and a balanced diet which will give them increased stamina and resistance to disease.

We hope the State Governments concerned will examine the necessity of group hospitals with respect to the needs of each region in the light of alternative arrangements that can be made and grant exemptions if and where necessary.

The availability of funds for the implementation of the Plantation Labour Act will have to be considered along with that of replanting and other funds and for necessary finance for implementing other recommendations made by us and the burden of additional taxation if any.

We recommend that Government loans should be made available to the plantation industry at rates of interest and terms of repayment at available to other industries under the Industrial Housing Scheme.

Local authorities should not levy any rates or taxes on plantations in respect of conservancy lighting etc. unlese they are in a position to provide these services in a satisfactory manner.

Wherever the employers have to provide for the maintenance of civic services such as conservancy, water-supply, etc., it would be desirable to manage these through committees on which workers are adequately represented. The maintenance of canteens may also be delegated to the same committee with advantage.

"A plantation Labour Welfare Organisation may be instituted. It should be controlled by the Government of India. The revenues should come through suitable levies on plantations. This organisation may take the assistance wherever necessary of the agency of employers or any other suitable agencies governmental or otherwise for provisions of amenities. In all such cases the organisation will grant necessary rebates to the employers or sanction adequate funds for subsides to labour committees."

In the event of an estate being brought to sale before the phased programme of implementation is completed, we recommend that the State Government should assess the undischarged liability of the seller in regard to his obligations under the Plantation Labour Act and recover such amounts as may be necessary for this purpose from the seller before registering the sale. (Para 18).

The system of 'Kanganis' and 'writers' who were the intermediaries through whom labour was paid its wages etc. continued in certain estates in Mysore and Coorg. (Para 19).

Minimum wages should equally apply to curing houses. (Para 20).

As labour laws relating to wages and industrial realtions are common for all industries, the recommendations made in respect of tea will also apply for the coffee industry. (Para 20).

Chapter VIII-Transport and supplies.

We recommend that State Governments should take urgent measures to improve road communications in coffee regions. (Para 1)

The enforcement of the use af locally manufactured articles in the place of imported articles throws a responsibility on the Government, to see that production standards of local manufacturers are improved and that no estate suffers because of lack of equipments of adequate quality. (Para 2).

We hope that when a central co-operative organisation is established it will be possible for estates to get the supplies required by them at reasonable rates. In chapter IV, we have recommended that the sale of fertilisers to coffee growers should be a monopoly of this co-operative organisation. The central co-operative supply organisation should channel its supplies to small growers through central co-operative curing societies and directly to big companies and partnerships as under existing rules they cannot join central co-operative curing societies. If rules do not permit membership in the central co-operative supply organisation of companies and partnerships, the alternative organisation would be a central supply corporation directly making supplies to companies, and partnership and to small grower through central co-operative curing societies.

The working capital requirments of estates of 100 acres and above may be estimated as about Rs. 320 per acre. (Para 2)

Chapter IX-Finance.

The rate of interest charged by coffee curers varies between 6 and 9%. Besides the interest, curers realise in most cases a sales commission of 1% on the whole produce of the growers. We feel that as the rate of interest is by no means low, it is inequitable to charge in addition a commission on the gross sale proceeds of the borrower-grower. Arising out of the relationship created of being a borrower is the obligation on the part of the grower to deliver his coffee to the curer from whom he borrows and to buy all his requirements such as manures and other estate requisites from him. The loan itself is sometimes partly supplied in cash and partly as supplies. This obligation to buy only from the creditor-curer stands in the way of the small growers

not taking advantage of the near-depots of the Coffee Board for delivering their coffee. (Para 5).

The rate of interest charged by the banks varies between 6 to 8%. (Para 6).

The number of companies controlled by the agency houses in coffee plantations is much smaller than in the case of tea and the role of the agency houses as a source of finance in the case of the coffee industry as a whole is not as great as in the case of the tea industry. (Para 7)

Indigenous banks and private money lenders play an important role in the provision of finance to small growers; their share in the advances to big growers is not very significant. (Para 8).

Some of the difficulties experienced by a small section of the proprietary group in obtaining short-term finance are :—

1. Very high rate of interest charged.
2. Low limits of over-drafts allowed.
3. Payment by the Board in instalments of the price due to growers.
4. Smallness of the loan in relation to the value of the crop.
5. Dependence on the goodwill of the inspecting officials of the banks, societies or curers; delays and want of funds with curers. (Para 9).

The existing financial agencies besides being costly, do not seem to be sufficiently flexible in their operation. (Para 9)

We recommend that the State Bank should supply full crop finance for short term needs of this industry. The State Bank should also offer the facilities of extending the period of short term loans by renewals when the former could not be repaid in time due to failure of crop or other unforseen circumstances (Para. 10)

We feel that the Coffee Board's borrowing power should be increased so that it may be possible for the Board to make more substantial payments aginst delivery of the crop and also accelrate their disbursement. (Para 10).

If the requirements of working capital are met by loans from banks, the resources available with the companies could be released for long term purposes. The future capital requirements of the sector comprising companies and big proprietors could therefore be largely met from their own resources. Long term finance does not appear to be a great problem for the larger estatas and properitary concerns. (Para 12)

In the matter of finance for medium and long term needs, difficulties are experienced only by a section of the proprietary Indian concerns and the small companies. (Para 12)

We recommend that the State Finance Corporation of the States in which coffee estates are situated including the Madras Industrial Investment Corporation should meet their needs for long-term finance. It should not be difficult by a suitable amendment of the relevant rules of the State Finance Corporations to empower them to grant loans to coffee estates as they do for industrial under-takings. (Para 12)

Loans from the State Finance Corporation should also be available for redemption of old debts of estates where such redemption can restore them to normalcy. Financing for future needs would be difficult if old debts remained un-paid. Such cases will need careful examination by the Finance Corporations in association with experts of the Coffee Board. We believe

that if a sympathetic policy is followed by the Finance Corporations, the needs of the smaller coffee companies and larger proprietors for medium and long term loans for productive purposes will be largely met. The State Finance Corporations, when considering applications for loans for coffee estates, would need the service of experts for the scrutiny of technical aspects of the applications; for this purpose we suggest that they, in consultation with the Coffee Board, should appoint a panel of experts of standing with specialised knowledge of coffee production; also suitable co-ordination should be established between the State Finance Corporations of different coffee growing estates so that a common policy may be followed by them in the matter of grant of such loans. The Coffee Board should have a Plantation Finance Committee to keep a close watch over the financial needs of the indusry. If this committee finds as a result of experience of the working of the Finance Corporations and other institutions that they are not in a position to meet the long term needs of the industry, it should make necessary recommendations for establishing a separate Plantation Finance Corporation which may be under the auspices of the Coffee Board itself. (Para 13).

Chapter X-Marketing of coffee-Primary sales.

The curers, having become the agents of the Coffee Board for the peformance of the many functions connected with coffee marketing, are holding a privileged position. (Para 5).

A significant part of the quantity of coffee handled by pool agents relates to estates under their management. (Para 6)

One should expect outside check in respect of outturn of estates belonging to or managed by Pool Agents. Actually, however, there are none. (Para 6)

In the present set-up of the pool agency system, all the functions except certain arrangements for the auctions have been delegated to the agents without providing for adequate check on their performance. In certain respects, checks too are inherently impossible. (Para 8)

When the warehouseman is the paymaster and the appraise of value of coffee in the case of small growers, there is a possibility of the latter not getting a fair price. (Para 8).

There is no concurrent check over the efficiency of curing as the identity of a particular lot of cured coffee is lost when it is merged into the pool and bulked. (Para 8).

The A. C. M. O. who is an officer of the Board will not be able to provide an independent administrative audit of the pool agencies when the latter, as producers, curers, and traders had a dominant voice in the Board's affairs. Great scope existed in curing houses, in not keeping correct accounts of loss and gain-in-weight. Losses in weight might be exaggerated, gains underestimated, and the excess unaccounted. (Para 8).

While we do not assert that all gains-in-weight are not brought into account, there is certainly a case for investigation. (Para 9)

When for a number of specific services rendered, a charge is levied and a commission of $1\frac{1}{2}\%$ on the price paid to growers is also paid in addition, it requires examination whether the payment is duplicated. (Para 12)

In the past years the pool agents have successfully prevailed on the Coffee Board to increase the charges not only for curing but also for the other services enumerated above. This it was easy for them to do as they were in a strong position in the Board and could vote their own charges. (Para 12).

If the condition of the godowns ware-housing the coffee at the coastal centres were very good, it may not have been necessary to move stocks from them to the interior to the extent it is done now. Actually, some of them are very defective and the Board has to pay towards insurance charges about 100% more than what they have to pay for some of the godowns which are in reasonably good condition. (Para 15)

Our study of the curing-cum-pool agency points to the following facts. 65% of the amount of coffee brought into the pool is handled by four agents. Their appointment for storage of the Board's coffee has given all pool agents a special advantage to expand their lending and supply business, to realise the amounts due to them from the price due to the grower and secure their credits on the produce in their custody. As they cured and stored their own coffee too, there was the possibility of their being able to give a better outturn to it. As they sent the samples for valuation, there was scope for showing favours. When pool agents are also traders and roasters, they could use their position of vantage in their own favour. As no rigid check is possible in bulking, in giving samples for pool sales, and maintaining proper accounts of gains and losses in weight there is scope for abuses. This is not to say that all Pool Agents indulge in such unfair practices. The point is that a system which provides scope for possibilities of such abuse is not a sound system and requires to be changed. According to the Coffee Board, dealers have complained about heavy losses in weight when they removed it to their places due to noting of a higher outturn for under-dried coffee. They also observed that shortages were abnormal in two curing works. According to the excise staff the loss permitted in processing was 10% for parchment and 20% for cherry and Robusta while some curers' books showed 20 to 25 for parchment and 40 to 45 for cherry and Robusta. The Coffee Board had to intervence when instance of levy of illegitimate charges by certain pool agents were brought to their notice. The net profits of curer-cum-agents were 22% of their gross income but this did not take into account the remuneration other than the commission received by pool agents. Pool agency by itself gave more profit and hence was a coveted job. The commission paid to the pool agents for receipt of coffee was a continuation of the older system when they did marketing for growers, but the same commission continued even with the undertaking of sales by the Coffee Board. Instead of decreasing it in proportion to the progressive increase in tonnage and the price, it has been increased. Additional payments apart from the commission have been recently reduced by Rs. 47,907 which is an indication that this was an excess payment during the past many years. The payments of a $\frac{3}{4}$% commission on deliveries was unjustifiable when no service for sales was rendered in respect of coffee allotted to the Board, the co-operatives and local auctions and a substantial part of sale arrangements is done by the Assistant Marketing Officer. The defects inherent in the continuation of curing, warehousing, marketing and disbursement of price to the growers in the pool agents militated against sound marketing. These defects were accentuated when the pool agent was also a producer, a trader and a roaster. The appointment of big private curing and trading houses as pool agents has therefore deepend concentration of the processing and marketing actiivties in the coffee industry. This increased concentration has been brought about by the facilities available to-day for development of the industry resulting from the expanded activities of the Coffee Board. The new industrial policy of the Government has pointed to the urgeney of preventing concentration while the Second Five Year Plan pointed to the danger of creation of further inequalities and widening of existing disparities arising out of development. All these point to the need for the replacement of services other than curing now undertaken by pool agents on behalf of the Board by a separate service. (Para 17).

Warehouses should be re-located so that not only coffee may not deteriorate in storage but also be easily transportable to centres of consumption. (Para 18).

We are of the view that the agency functions performed by the pool agents should be taken over by a warehousing corporation which should be formed under the aegis of the Coffee Board for the warehousing of coffee. (Para 19).

It may utilise the curers only for curing coffee, provided they are agreeable to the control of the Coffee Board. Curing and storage should be at the same place though the institutions for performing the two functions should be separated. (Para 19).

In order that curing and warehousing services may be economically performed and the curer and warehouser may get the necessary volume of business, specified coffee growing areas should be assigned for each curing establishment and warehouse. The arrangements for warehousing and marketing made by the warehousing corporation should be such that the warehousing authority should not be saddled with the function of making payments for deliveries. The warehousing authority will be responsible for seeing that the coffee that it receives for storage bears the quality marks given by the grading Inspector before it leaves the curing house and will effect deliveries against supply orders issued by the competent authority. Making payments for the coffee delivered into the warehouse should be the function of the Accounting Department of Coffee Board as is the case generally in organisations concerned with stores. If the pool agents who at present are the curers are not agreeable to do curing only, the warehousing corporation should set up their own curing organisations as a separate department. While this will be the set up for curing and storing the coffee of large and medium estates, the curing and storing agency for small holders will be central co-operative curing societies about which we have dealt with in the chapter on 'small holder'. (Para 19).

The administrative cost of the Board's depots should be considered high. It should, however, be noted that in the existing context, part of the high costs cannot be helped as some of the depots are situated in rather inaccessable areas and are meeting the needs of small growers. But the possibilities of reducing costs should be examined. (Para 20).

When once our proposals for warehousing and co-operatives for the small holder are implemented, and warehouses are properly relocated, the need for departmental pool depots will disappear. The present system of managers of depots handling a large amount of cash for payment to small growers left scope for abuse. There is also the insurance premium to be paid for cash in transit. Payment to growers should as far as possible be made in cheques by the accounting section of the Coffee Board. As coffee has to be collected only during the bearing season, the staff in depots have little work in the other season. They could be usefully employed during the off season, in helping the small growers in the adoption of improved practices or in any other useful activities. (Para 20).

The system (of depots run by Sub-Agents of Pool Agents) is not conducive to an efficient and economic service for the growers. (Para 21).

The collecting depots in Travancore are maintained by Agents of the Board on a commission of 5% inclusive of transport charges upto pool depots except at Punalur. This method of collection is also open to the objection that exercise of control on agents who are not employees of the Board will be difficult. The formation of central curing societies for small growers should help the Board in collecting coffee from interior areas. (Para 22).

The present method of costing calls for the following remarks:

(i) To divide the costs for certain items on an average yield of 6 years and crop gathering charges alone on the production of each year and thus arrive at costs per cwt. may not give correct figures of costs. If the reason behind this method is the variation in production, the same reason should be applicable also to all major costs, as they too varied. A grower knowing as he does that the crops are likely to be smaller after a year of heavy yield is likely to reduce his costs to the extent possible in years of low yields. Just as production varies from year to year, costs under various major heads also vary. A better method will be to take the average of costs for the last six years under major heads for the determination of cost per cwt.

(ii) Costs may be higher in estates which had a greater percentage of aged trees over 40 years.

(iii) Provision for replanting cost does not at present include costs for a phased programme of replanting to clear arrears and provision for future replanting at the rate of $2\frac{1}{2}\%$ of the area per year.

(iv) Representative costs should take due note of the costs of small and medium holdings which formed 50% of the total area under coffee.

(v) The calculation of costs for big Arabica estates and fixing of a minimum return for them and thereafter fixing a cost plus minimum return for Robusta and Arabica cherry on this basis, will be unfair to the growers of the latter.

(vi) The Coffee Board did not select estates for costing but took the figures of whichever estates cooperated. For the 1952-53 season, the cost data was based on 28 out of 34 estates addressed by the Board to send returns. In 1953-54 it was based on 14 out of 34 estates addressed. In 1954-55 it was based on 39 out of 69 estates addressed. There was no field staff and no systematic costing done by the Board to fix a minimum return.

(vii) Cost includes a return on investment which should include commission to managing agents, the interest on the working capital, dividends and reserves. This return is to be calculated on a standard value of fixed assets.

(viii) In as much as the basic price for sales is fixed on costs plus return, thereby assuring a fair price to the grower, it is not what a grower actually spends that should be covered but what an ordinary average grower should be expected to spend. Fixing of a return on the basis of costs should not result in giving a fillip to more than necessary expenditure.

(ix) The upkeep charges increase when fixed assets as roads, buildings, and bridges are of a higher order in certain estates. In as much as returns are calculated only for standard assets whose value is far less than those of some estates, it stands to reason that charges of upkeep should also be calculated for these standard assets and not on actual assets when deciding the costs of production.

Costs have to be determined and prices fixed. Producers while they may be consulted should not fix it. Consumers too will try to give the lowest price to the producer. There should therefore be an independent expert body to fix the price. That body should not be under a grower-dominated Board. This body should fix the basic price on the basis of costs plus re-

turn to the grower in full consultation with the representatives of the latter. It should be appointed by the Government. (Para 23).

Extracts of evidence showed some of the defects in the existing trade channels. Consumer co-operatives, have not yet grown adequately to take charge of the entire distribution. In the meanwhile, the solution lay in regulation of the existing private trade. (Para 26).

The Chairman of the Board may find it easier to regulate trade if the marketing committee had two additional representatives, one representing roasters not combining in himself the interest of a producer and/or wholesale trader, and a dis-interested expert appointed by the Government. There will then be 5 representing producers, 2 traders, 2 consumers and one roaster and one expert with the official Chairman as the Chairman of the marketing committee. (Para 26)

The greater the number of plus points awarded over those for fair average quality, the less will be the average point value for final payment. The small grower who never gets a plus point can only get points for F. A. Q. or less. Consequently, his share of the realisation is reduced. (Para 27)

One should normally expect that the proportion of plus points out of total point values given by the assessment committee of the Board will be less than those for F. A. Q. If this proportion is inordinately high (more than 60%), it only meant that F. A. Q. was pitched too low or valuation was much too liberal. (Para 27).

In as much as coffee are bulked plus one and minus one together with F. A. Q. and of different regions, it is not always easy to find out after the grant of the plus points by the assessing staff, whether the sample and the coffee in storage tallied. (Para 27)

This award of plus points made up for big growers what they lost in the average value of the point.. And when this plus proportion was three-fourths of the total number of points to be paid for, the small grower suffered by having to take a lower average value per point. (Para 27).

Five 'A' class pool agents held 82.3% of the total tonnage which was awarded points over F. A. Q. Secondly, plus points scored over F. A. Q. ranged between 71 and 85% of the total number of points. If we compare the proportion of tonnage which get points over F. A. Q. to the total tonnage the 5 concerns showed a percentage ranging from 67 to 82. (Para 28).

There is a case for investigation whether the valuation of coffee as F. A. Q. with plus and minus points according to quality was properly done at present. The responsibility for assessment should be on a committee of the Board and not on the office staff. A producers' Committee may over-value, while a traders' committee may under-value. So the committee should contain representatives of both sections. The committee should also assess the samples on the spot at the curing centres. Grading inspectors working in consultaion withl ocal committees comprising 2 producer and 2 trader representatives may value the coffee as F. A. Q., F. A. Q. plus, and F. A. Q. minus. Appeal should lie to a committee of the Board comprising of the Chairman and two representatives of producers, and two of traders. (Para 29)

The basic price for different types of coffee need not be based on an integrated differential scale based on a basic price for Arabica. It could be based for each type of coffee on its cost plus return on investment. The price so arrived at shall be the basic price for fair average quality of each type of coffee. Prices for grades and quality will be related to this price. The pool release price shall be derived from this basic price for each type of coffee. (Para 30).

For the purpose of distributing the sale proceeds exports for each type of coffee shall be valued at the prevailing internal auction price. This value and the amount released on internal sales by each type of coffee shall be pooled together and distributed according to the points assessed for producers of each type of coffee on the basis of grades and quality. (Para 30).

'Surplus' in export realisations (actual export value minus calculated value for exports on the basis of internal auction value) should be set apart in equal proportion for a price assistance fund and a consumer subsidy fund. (Para 30).

When once an expert staff is appointed to fix the costs, it might as well fix the basic price for Arabica plantation, Arabica cherry and Robusta on the basis of costs. (Para 31).

The State Bank should finance the Coffee Board for payment to growers at a lower rate of interest than what is charged by other commercial banks. The loan was fully covered by produce which was not perishable in a short time. With each auction sale, the instalment of the loan would be returned. (Para 32).

Coffees of the same grade or valuation or same area of origin should not be mixed with others in bulking. Coffee produced in certain areas are preferred by some buyers who would be prepared to give them a premium valuation. Also in the catalogues the area of origin of coffee and the plus or minus points over F. A. Q. should be given. (Para 33).

In order that auctions may serve the needs of the industry and trade, it is necessary that they should be held on fixed dates. For the convenience of trade it could be held at 4 or 5 different centres by rotation. The auction catalogues should be printed and supplied to registered dealers at least a week in advance. The samples of the lots should be available for inspection simultaneously. Each lot should be of one grade and of the same area of origin. The areas of origin should be indicated against each lot. Lots of large size should be broken up to smaller sizeable lots to serve the needs of the buyers. There should be a basic price for each lot depending on its grade as fixed in the valuation of samples by the Board. (Para 34).

Crop-estimation should be greatly improved. Small holders should be trained in sending proper estimates and a paid staff alone should perform this service and not a committee dominated by producers. With the growth of co-operatives among small holders and the aid of the advisory staff, crop-estimation on which depended regulation of coffee releases for the market should improve in the future. (Para 35).

Local auctions as near as possible to storage centres of the Board should be conducted in more places. The transpost charge should be collected from the bidder. There should be no double recovery of administrative charge one in the name of local auctions, and another in the name of marketing charge per cwt. There should be no discrimination in the basic release price between pool and local auctions. (Para 36).

Much reorganisation will be necessary in the co-operative sector to put the societies on the right road to progress as recommended by the Rural Credit Survey Committee. The responsibilities of supervision will be more effectively exercised by the concerned bodies and the Coffee Board should undertake this task. (Para 37).

The present approach of the Coffee Board to this question is based on their experience of the existing type of co-operatives which have not been reorganised to satisfy national needs. The Board should co-operate with the new policies and plans. Co-operatives have also another role to play. They

are emergency instruments which are of considerable use to protect the consumers in periods of scarcity when trade profiteered. They should not be judged merely by the amount of business they do but by the moderating effect they had on the prices likely to be charged by the trade in their absence. (Para 38).

There does not appear to be any substantial concession in price for co-operatives as is claimed by the Board. For coffee sold at a lower price to co-operatives, the Board fixed the retail price for coffee powder (Plantation 'A') at Rs. 2/9/6 per lb. while it sold the same in its own coffee houses at Rs. 2/12/- per lb. (Para 39).

Co-operatives had no special advantage over private trade. (Para 39).

In our view there is no case for any distinction in the price at which the Board sold coffee to one sector and another. We recommend that co-operatives should be allotted coffee only at the prevailing pool auction price. Facilities to co-operatives should come through other ways than price concessions. (Para 40).

In so far as the costs are estimated by big producers in the Board, and the profits they made are dependent on them, the tendency will be to pitch the costs to the maximum. (Para 41).

The price paid to the producer on the basis of present costs was quite adequate. (Para 42).

An annual sum equal to replanting of $2\frac{1}{2}\%$ of the area each year will have to be put by. At a cost of Rs. 1,500 for replanting, the sum to be set apart would be of the order of Rs. 37/8/- per acre. The Cost Accountant (vide his report 1953) has made a provision of Rs. 24 per acre (Rs. 8 per cwt. for an acre yielding 3 cwts.) The return that is calculated on the value of the fixed assets should include not only interest on working capital but also fair remuneration for management and provision for reasonable reserves. This return as calculated by the Cost Accountant at Rs. 34/5/- per cwt. does not appear to cover all these costs. (Para 43).

The new expert body proposed by us to fix costs for assuring a price to the grower will no doubt take due note of all these elements in costs. (Para 44).

The need for a price assistance fund is inherent in the nature of the crop. This fund should be built up as is done by coffee boards in East Africa. (Para 45).

We recommend that half the "Surplus" resulting from exports should be kept as a special price assistance Fund to be drawn upon to make up the loss when the Board is at any time unable to pay the basic price based on costs plus return from the amount realised by sale of crops. The other half should be available for helping the Indian consumer to get coffee at reasonable prices. (Para 46).

There is also another source of 'surplus' income for the Board. There is a gain-in-weight in storage which is not due to any contribution by the grower but is the consequence of absorption of moisture in storing. (Para 47).

This 'surplus' should also be utilised for the same purposes as the 'surplus' accruing from export sales. (Para 48).

Chapter XI-Marketing of Coffee-Retail distribution in India.

The threat of adulteration and the high consumer price should be reduced to the extent possible. (Para 4).

The extracts of evidence showed the possibilities of high margins of profit, the difficulty of regulating distribution of coffee powder, the need for

use of extenders as chicory, the place of coffee tablets in Indian consumption, the possibilities of a blend of cherry and chicory, a reasonably liberal issue of import licenses for chicory. (Para 5).

Direct sales to co-operatives have been showing a tendency to decrease. (Para 7).

At the one end, a statutory Coffee Board has been set up as the sole channel for marketing coffee, thereby, preventing a free market supply while permitting free trade through auctions under certain limitations. The consumer has no scope in this system of taking advantage of free competition among producers. At the same time, controlled distribution, if undertaken by the Coffee Board to balance the sale through a single channel, creates a difficult problem of supervision. There was also the other problem that coffee powder is a distinctly different product from coffee and, if control is exercised over the auction price of raw coffee resulting in less profit to trade, trade tries to make it up by blending or adulteration. It further claims the right of not letting the public know what quantum of different varieties of coffee beans which sell at different prices have been mixed. With coffee transformed into powder, the efficacy of any control methods is minimised in regulating distribution. Positive constructive measures have however a definite place. (Para 8).

The Coffee Board should start a separate organisation for manufacturing coffee powder.

All triage may be taken over by the Coffee Board for making blended powder and what it did not need might be put in auctions to the traders. The powder can be packed in pliofilm packing of 1 to ½ lb. and retailed through ordinary trade channels including co-operatives. The price should be marked on the packages so that the buyer cannot be cheated. The Board should make arrangements for sale in this way of a certain portion of the industry's output which is consumed internally. It should be priced low. Sale of coffee powder should be subsidised. This organisation may be a Joint Stock Company under the Coffee Board or an All-India Co-operative Society. Shares may be taken by co-operative stores, employees' societies, the canteen sections of big establishments and industries, employees' canteens, and hotel associations. 51% of the shares may be held by the Coffee Board and the consumer representatives in the latter may be nominated to the management of this concerns. Half the number of representatives may be chosen on behalf of co-operatives and the other half by others.

The funds (from half the surplus realised from export auctions sale after paying to the pool to the internal auction prices and from half the 'gain-in-weight') can be used to reduce the price of the cheap coffee powder and tablets which will be sold by the proposed Joint Stock Company or the All India Co-operative Society. (Para 9).

There should be no difficulty in continuing the existing allotments to co-operative societies and reserving all future increases in production for them. We therefore recommend that this should be one of the components of a future distribution policy. (Para 10).

Another step necessary for reducing prices to the consumer is a better reorganisation of local auctions. (Para 11).

Chap'er XII-Consumption and Exports.

During the years 1939 to 1954 consumption of coffee has increased by 130% or at an average rate of 820 tons per annum. We recommend that the statistical branch of the Coffee Board should take up the investigation of the actual amount of consumption from year to year. (Para 2).

Coffee which is mixed with fillers should be clearly labelled as such and the percentage of the fillers used specifically mentioned in the label. (Para 3).

There have been few closures of coffee houses. Expenditure on propaganda units has been increasing. The Board has been losing in its business of coffee powder. The gradual decline in the quantity of powder sold from 27 lakhs lbs. in 1947-48 to 12 lakhs lbs. in 1954-55 did not seem to accord with the claim that coffee houses acted as fair price shops and prevented a rise in the retail market price. The latter showed, on the other hand, that the retail business of coffee powder in coffee houses was not a success. The price of the powder sold by coffee houses was high. In the sale of liquid coffee also the coffee houses showed no expansion. The administrative costs of the coffee houses were high. While the coffee houses and co-operative societies got coffee beans at the same pool release price (about 2 annas per lb. less than what merchants had to pay in auctions), the former sold coffee powder at Rs. 2/12/- per lb. while the societies were asked to sell at Rs. 2/9/6 per lb. The propaganda committee was afraid to permit special plantation coffee in cup to be sold along with ordinary coffee brewed with blends, as the staff might pass on the one as the other and profiteer in the sales. (Para 4).

Under existing arrangements, the business of sale of coffee beans and powder and of coffee in the cup is mixed up with expenses for propaganda, thereby making it difficult to assess the loss in business.

It is said that the losses incurred in coffee houses should be treated as amounts expended on propaganda; we consider that this view of the matter will result neither in sound business nor good propaganda.

Propaganda through mobile vans and cinema shows which visit villages and labour quarters, advertising campaigns in urban areas and amongst industrial communities, participation in fairs and exhibitions by coffee demonstration units would fufil the needs of propaganda better than setting up permanent coffee houses.

We see no need for the continuance of the large number of units in the coffee regions. Propaganda in North India has to be intensified. Even in the North, we suggest, that the propaganda units should function for only specific periods, and should then be moved on to some other towns.

After coffee houses have run for some years in a town, they can properly be handed over to private agencies, with the Board agreeing to lend the services of a coffee demonstrator for such time as services may be required by them. (Para 5).

If the level of exports are to be maintained and further strengthened it is necessary to ensure that the high quality of coffee earmarked for export is kept up; secondly more of this quality coffee should be produced and made available for export.

If under our proposed Scheme of cheap coffee, more of the cheaper varieties of Robusta and Cherry are blended, it would be possible to release larger quantities of plantation coffee for export. (Para 6).

We note that the export trade is at present concentrated in the hands of a few Non-Indian firms.

We recommend that export trade in coffee should be undertaken directly by the Coffee Board. Our trade representatives abroad should be asked to make available to the Board necessary commercial intelligence and help in securing wide publicity for the export offers made by the Coffee Board and in all other ways assist in the marketing of coffee abroad. The Coffee Board

should have a separate department under the Chief Marketing Officer to deal with export sales. (Para 11).

We feel that a rigid quality control on quantities exported is urgently called for and that a senior officer of the marketing staff should be deputed specially to check the quality of export coffee. (Para 12).

We recommend that the premium on roasted and ground coffee powder should be scaled down so as to provide encouragement for the manufacturers of coffee for export. This premium should not be calculated on the basis of the full difference in price of plantation coffee in export and internal auctions but should be fixed at a definite percentage of this difference.

There should be strict quality control on the export of roasted and ground coffee also. Samples intended for export should be submitted to the Board for approval before shipments are effected. (Para 13).

Chapter XIII-Profits and their allocation.

The percentage of gross profit to total capital employed has been very high.

The percentage has advanced from 12.6% in 1946, to 29.4% in 1953, for the sterling company. The Non-Indian companies whether under managing agents or under Board of Directors show a fall in this percentage. This may probably be attributed to the increased capital employed by them and not to a fall in the level of profits. The Indian companies show a slight rise in this percentage from 13 47 to 16.15. (Para 3).

The percentage of gross profit to gross sales is also very high.

It is higher for Indian companies at 43% than for other groups of companies. In the case of Non-Indian Rupee Companies, the percentage ranged between 27 and 35%. (Para 4.)

The commission paid to Managing Agents ranged between 9 and 15% of gross profits in Indian companies under managing agents. In the Non-Indian group it ranged between 3 and 8%.

The commission paid to managers and senior staff in sterling companies averaged over 10%. (Vide Statement VI). In Non- Indian Director controlled companies also this commission was high.

Considering management-wise, the percentage of net profit before tax to paid-up capital has increased from 17% to 70% in sterling companies, 16% to 22% in Indian companies, but declined from 66% to 33%in Non-Indian companies. In considering these, it must be borne in mind that there has been no increase in paid-up capital in sterling companies but their has been a 125% increase in Non-Indian companies and a 20% increase in Indian companies by capitalisation of reserves.

The percentage of net profit after tax to net worth was 13% in 1946 and 15% in 1953 in the case of Indian companies. The rate declines in the Non-Indian section and increases in the Indian section (Statement 1[illegible]). An analysis of the net profit per acre in 1953 after providing for taxation shows that it ranged from about Rs. 93 per acre to Rs. 263 per acre (Statement 12).

Case studies of individual companies shows that the net profit per acre in 1953 was over Rs. 600 in two companies, between Rs. 400 and Rs. 600 in another two companies, between Rs. 100 and Rs. 300 in six companies and below Rs. 100 in eight companies.

The figures of net profits after tax per cwt. show that the profits of sterling companies have fallen from Rs. 14 to Rs. 12 per cwt. from 1946 to 1953 and that of Non-Indian rupee companies from Rs. 55 to Rs. 32 per cwt.,

companies under Indian management show an increase in profits after tax from Rs. 39 to Rs. 65 per cwt.

The higher profits of Indian companies cannot be attributed to the realisation of a higher price; it can only be explained by the higher cost of production in Non-Indian companies. (Para 4).

The percentage of distributed profit to net profit after tax in 1952 and 1953, has ranged over 50% although in individual cases and in certain years the percentage has been very much less (Statement 16). The percentage of distributed profit to paid-up capital was 7.0 in 1946, rising to 12.9 in 1953. In individual groups the percentage has ranged between 7.8 and 23 in 1953 (Statement 17). It is to be noted that in 1953 the higher rate of dividend has been declared on a capital which had increased by the issue of bonus shares.

The number of companies which declared a dividend of 20% and above, has remained almost the same in 1946 and 1953. (Para 5).

The gross profit of sterling companies increased from 27.5% on fixed assets in 1946 to 75% in 1953. Rupee Non-Indian companies show a fall in the proportion of gross profits to fixed assets from 52% in 1946 to 31.0% in 1953, and Non-Indian director controlled companies from 72% to 31.9%. In Indian companies under managing agents, there is a rise in this proportion from 18 to 30%. Director controlled Indian companies show also a rise from 11.7% to 23.5%. The fall in the percentage of gross profits to fixed assets in the case of Non-Indian companies is to be accounted for by the greater rise in the value of their fixed assets between 1946-53 as compared to other groups. The figures of gross profits in 1946 and in 1953 show an increase in respect of all the group of companies. In some cases this is very high. It has increased by about 5 times in the case of sterling companies and over 2 times in the case of Indian companies. Examining the percentage of gross profits to fixed assets after deducting the sum for a txes, all the companies showed equally high return in 1953. The percentage of gross profit in all the groups in relation to the value of the fixed assets have been therefore very much above the figure considered adequate by the Cost Accountant. (Para 6).

The information received from proprietary and partnership concerns—Indian as well as Non-Indian show that the net profit per acre has increased between 1939 and 1953. In 1953, out of 18 proprietary Indian concerns analysed in Madras State, one shows a profit after taxation of more than Rs. 500 per acre, five between Rs. 100-200, another five between Rs. 50-100, and seven below Rs 50. In Mysore, out of 4 concerns, 2 show a profit between Rs. 100-200 and one below Rs. 50 and another shows a loss. In Coorg out of 13 concerns analysed, 2 concerns show a profit of over Rs. 500, one between Rs. 400-500, eight between Rs. 100-400 and another 2 between Rs. 50-100. There is no concern showing a profit less than Rs. 50. This shows that the proprietary concerns in Coorg have enjoyed a much higher level of profit than those in Madras or Mysore and the proprietary concerns in Mysore have fared much worse than those in Madras. (Para 7).

In the case of Non-Indian concerns, the region-wise differences are nearly the same as for Indian concerns. Concerns in Coorg show a higher profit. Those in Madras show about the same level of profits. (Para 8).

In our report on tea we have stated that there should be a rational basis for distribution of profits. We suggested the following order of distribution:

1. The depreciation allowance allowed by the income tax authorities should be separately funded and drawn upon only for meeting expenditure on replacement and renewal of fixed assets.

2. The replanting fund should be set apart as already recommended.
3. After providing for taxation, each company should build out of its profits a statutory reserve for meeting development expenditure and unforeseen charges; this reserve should be kept in a fairly liquid form.
4. From what is left over, a certain minimum dividend should be provided for as a percentage on share capital.
5. The remainder should be divided between share-holders and labour and staff according to a suitable formula.

The details were to be worked out. We suggested that this may be done by a committee of experts and representatives of employers and labour. The scheme when worked out was to apply to companies registered in India. As regards sterling companies a suitable procedure for the application of the scheme was to be evolved. While evolving the procedure we said that it should be ensured that the statutory development reserve is invested in India.

We recommend that a similar scheme should also be worked out in respect of coffee plantation companies, so that the various interests in the industry viz., share holders, the staff and the labour will get a legitimate share of the profits. (Para 9).

Chapter XIV—Taxation.

We recommend that there should be imposed on coffee a countervailing Export duty equal to the Central Excise duty.

In order that the incidence of excise duty may be related as far as possible to the market values of the goods, we recommend that the levy of Excise duty on Arabica parchment may be enhanced to $3\frac{1}{4}$ annas per lb., the Excise duty on Arabica cherry to remain at 3 annas and the Excise duty on Robusta to be reduced to $2\frac{1}{2}$ annas per lb.

If sales tax on coffee is made a central levy and the proceeds thereof distributed to the states concerned, it will help to remove one impediment in the coffee trade.

Chapter XV—The Small Growers.

An improvement in the economic condition of those falling in these catagories less than 15 acres and who supplement their income by outside labour lies in the general schemes of State Governments for raising the level of employment and standard of life of holders of agricultural lands. (Para 1).

To ignore small holdings below 25 acres would mean ignoring a substantial part of the coffee industry. 34,218 families comprising a rural population of about $1\frac{1}{2}$ lakhs were engaged in this industry.

The second fact to be noted about small holdings is the increase in their number and area. Expansion of new acreage of small holders, partition of holdings due to various causes such as succession, voluntary sale and forced sales during the depression, and the land settlement policy of State Governments to grant only small holdings to new settlers, all these factors must have contributed to this increase in the area of small holdings.

The group of coffee holdings of 10 acres and below, which should be considered uneconomic unless supported by holdings of other crops, is the largest in number.

These uneconomic holdings produced to a greater extent the poor quality Robusta coffee fetching 35% less price than Arabica plantation coffee.

They are concentrated to a greater extent in Malabar and Coorg than in other regions. (Para 2).

An additional area of 60,000 acres would be required to create stable economic units.

Calculating in the ratio of 4 acres for 13265 holders the total land that should be available for them is 53,060 acres. The additional land that would be needed is about 17,000 acres.

A better alternative would be not to increase the number of individual small holdings and thus the many problems of supervision and technical and financial assistance for getting for the small holders, as far as possible, the benefits of large scale farming, but to induce them to come into a joint-farming state partnered co-operative society which will take more lands under cultivation, raise more crops, rear cattle and poultry in an organised way and thus try to give balanced employment, despite inadequacy of land, for every uneconomic holder.

But whatever the area available, priority should be given to the small growers below 10 acres in making land grants.

When once a small holding area is defined for different regions on the basis of family income of Rs. 1,200, the law should provide that such holdings should neither be partitioned nor sold voluntarily or through courts so as to reduce its size below the economic level. Where schemes of consolidation of holdings would help, they too should be undertaken. (Para 3).

Old debts incurred before 1951, per holding, amounted to Rs. 1,807, Rs. 562 and Rs. 541 respectively for Mysore, Madras and Coorg, in respect of holdings less than 25 acres.

Examined according to the acreage of holdings, those who held less than 25 acres has debts older than 5 years to the extent of Rs. 141 per acre in Mysore and Rs. 30 to Rs. 40, in Madras and Coorg. (Para 4).

The problem of debt of the family holder is an intractable problem. The solution lies in his annual income being made non-attachable for debts as in the case of salaried employees. The debts of holders holding over the minimum size can be adjusted to the income or sale value of the excess land.

Land mortgage co-operative banks can redeem the small hold.r by repaying the debt and recovering it in annual instalments from the latter. The amount of the debt also will have to be scaled down to the actual sum of loan and a fair rate of interest. The problem of totally irrepayable debts will have to be faced by cancelling them in the case of holders of family holdings. But debts will recur again, even if cleared, so long as the small holder's economy was deficit. Preventive measures were necessary to prevent recurrence of debts. The minimum holding should be exempt from attachment for debts aud execution of decrees. Redemption of past debts in the case of family holdings should be made conditional on future borrowings being made only from co-operative societies which would supply credit for all legitimate needs. (Para 5).

The formation of primary multi-purpose coffee-growers' co-operatives should be the desideratum.

A whole-time manager who can assist in the preparation of the budget of loans and supplies of every small grower in conformity with the needs of production and carry out the advice of the advisory service, is indispensable for such societies.

If growers of special crops like coffee requiring large finance and supplies are formed into large-sized primaries with whole-time managers, and intensive

supervision through the advisory service is provided by the Coffee Board to certify the genuineness of the need for the loan and supplies and their correct application and thus loan advances are safeguarded, and if the state also participates in the management with share capital which it may have to provide temporarily for purchase of necessary equipments, then such societies should be acceptable to the Reserve Bank as second signatories with the Central Banks when granting credits.

Further, such multi-purpose societies may also provide for a multiple liability on the shares of members as is done in certain states like Bihar in the ratio of 4 times the nominal share of a member. It may be provided in the bye-laws that every member should undertake liability to the extent of four times the capital subscribed by him.

The Reserve Bank may also consider granting permission for the formation of a special coffee co-operative bank for the coffee area which, though spread into more than one state practically adjoin each other and is located mainly in the region of the western ghats.

The benefit of the concessional rate of interest i. e., 2% will go to this bank instead of to central co-operative banks.

The advantage of this new bank will be that it can use part of this concessional rate for providing a technical staff for supervision. (Para 7).

Normally, long-term loans should be available for small growers who have repaying capacity, from existing co-operative land mortgage banks.

The foundation for sound farming societies of small holders should be laid by having a mixed board of Government nominees and representatives of small holders assisted by a whole-time manager working with a definite goal of retirement of Government's nominees with liquidation of the loan and of training small holders in running the concern.

Under existing conditions, there is, however, no possibility of establishing large-sized joint farming societies on an extensive scale for all small growers.

While there is scope for this type of societies to develop, progress will be limited by these conditions.

The proposed society should not pool the lands but permit each individual holder to cultivate his existing holding and any new area added to it.

A member should be free to resign when the loan has been repaid. (Para 8).

A co-operative processing organisation of small growers is necessary. It can also be the agency of the Coffee Board for keeping custody of coffee, making payment to growers, and assisting in marketing; in other words perform the functions of a "Pool Agent" as far as the members of the co-operative are concerned. It will comprise the large-sized primaries in its membership. It will have to be located in places suitable for growers to deliver their produce, and for traders to take charge of distribution. To economise costs, an area should be assigned for each central co-operative curing society. Under existing rules, any individual grower, irrespective of the amount of coffee he produced, can join a large-sized primary and market his produce through the central curing co-operative society. While big growers may not need the services of a primary for advances, they will need curing and storing arrangements. Membership of such big growers directly in the central curing society for curing and marketing will have to be provided for. It would be an uneconomic and cumber some process if companies and partnerships in the regions of the small holders are asked to cure their coffee and market it through a different organisation of the coffee Board. Where it is not practicable to start a different curing house and marketing agency for companies and partnerships, their membership will have to be approved as exceptional cases, or as an alternative their coffee will have to be cured for them at reasonable charges.

The Central Co-operative curing societies will have to be state-partnered, the Government or, in its place, the Coffee Board supplying the necessary share capital for the purchase of fixed equipments. They should get concessional finance from the Reserve Bank (through the proposed 'coffee bank' or central co-operative banks) for marketing of the crop, in respect of members other than companies and partnerships in the same way as other co-operative organisations enagged in the processing and marketing of agricultural products. The State Bank should finance the curing societies in respect of companies and partnerships. These two sources of finance should enable the curing societies to advance loans to all members to the extent of 75% of the value of coffee at $4\frac{1}{2}$% interest. When this loan on pledge of produce is issued, the curing societies will deduct the crop advances due from members of large-sized primaries and pay the remainder to them. They will thereby safeguard the loans issued by financing co-operative banks. Whenever the Coffee Board makes payment to the growers before or after sale, it will be first adjusted to the loans advanced by the curing societies which will in turn repay the loans to the Reserve Bank and the State Bank as the case may be.

The curing societies will also have to undertake supplies for the primaries. They will have to be financed by the concerned financing banks for this purpose. A single co-operative supply organisation should work for all coffee growers in the South utilising the central curing societies for distribution to the primaries. If such an organisation will not be allowed under existing rules to make supplies also to companies and partnership concerns, then it should be formed as a supply corporation which will make supplies both to companies and partnerships as well as co-operative curing societies. The loans granted to primary borrowers by financing banks through the primary society may be adjusted towards these supplies.

The success of the primary society depended on that of the central co-operative organisations for finance, supplies, and marketing.

We consider that there should be a separate committee in the Coffee Board to look after the interests of small growers. This committee should comprise the representatives of the small Arabica and Robusta growers in the Board. It should further comprise the representatives of the central societies which cater to the needs of the small growers. (Para 11).

Chapter XVI—Research training and Advisory Services.

We recommend that an expert scientific committee should enquire into the working of the Research Department of the Coffee Board and make suitable recommendations on the measures to be taken to strengthen the Research Section to increase its usefulness to the Planting Community. (Para 3).

We are of the view that there is an urgent need for strengthening and improving the extension arm of the Research Wing.

Necessary training will have to be given to the Liaison Officers.

The advisory staff will not be able to function effectively unless they have the support of the local Planting Community whom they have to help and serve. We therefore recommend that the Coffee Board should organise regional advisory committees consisting of representatives of influential planters whose help will be available to the Advisory Officers to facilitate their work by securing necessary local co-operation. The advice of these local committees will also be helpful to the Coffee Board for purposes of planning and development of the industry in the regions concerned. (Para 4).

A Liaison service alone will not be effective unless the estate managers through whom they have to work were also trained in methods of coffee cultivation.

We are of the view that there is a need for a suitable course of training in coffee growing so that planters may take advantage of such facilities.

In addition it will also be helpful to those young men who contemplate coffee growing as a career either as proprietors of their own estates or as employees in companies.

We hope that the future entrants into the coffee industry as managers and supervisors in the plantations would be recruited from those who have undergone this preliminary training. (Para 5).

We are of the view that the line of research on coffee in the Central Food Technological Institute should be developed in future. (Para 6).

We recommend that the possibilities of establishing soluble coffee industry in country should be explored by the Government and the industry and all possible assistance rendered in securing plant and other equipments for this purpose. (Para 7).

Very little effort has been directed towards the processing and technology of coffee. We are of the view that this line of activity should receive increasing attention of Government and the Coffee Board.

Chapter XVII—Sale of Coffee Estates.

The trends in sale values indicate that between 1943 and 1955 the price of coffee lands has more than doubled. This rising trend in sale price if not checked or regulated will result in over-capitalisation in the industry.

Land price should be based on return from land. Net income over a long period should be considered. Both prosperous and lean years should be taken account of. Valuation without reference to the age of trees would throw a big liability of replanting old trees on the new buyer unless proper allowance has ben made for it in the fixing of the sale price. (Para 1).

A proper valuation is necessary to check whether the capital repatriated is a sum equal to a fair value of land. The Coffee Board should maintain a qualified staff for appraisal of land values to advise buyers and sellers and the capital controller. (Para 3).

There should be a stipulation in the deed of transfer that the buyer takes the responsibility for the continued employment of all the lobour in the estates purchased. Where this is not done, the alternative should be for the seller to compensate his labour under section 25 (F) of the Industrial Disputes Act. In such cases to avoid hardship to retrenched labour, the provisions of Section 25 (H) of the Industrial Disputes Act which give retrenched labour priority in the matter of re-employment should apply to the buyer.

A tribunal in Assam delivered the following judgement in respect of staff : "When an estate is sold as a running concern, the incoming management must take over the staff in addition to ordinary labour on the same terms and conditions they had under the out-going management." This principle should also be followed invariably in all cases of changes of ownership of coffee estates.

The Commission has already proposed that a development staff should be responsible for inplementing a phased programme of replanting as well as replacement. This staff should also survey the newly purchased coffee estates and provide every assistance to the new owners, where necessary, to bring their estates into normal conditions. (Para 6).

Chapter XVIII—Expansion and Development.

The present problem in coffee is not only the regulation of the internal distributive trade but a planned expansion of production to meet the growing internal demand and to maintain and develop our export markets. (Para 1).

Great caution is necessary in planning production so as to avoid an undue increase in production without at the same time preventing a necessary increase in relation to the demand.

The board must have the necessary powers to compel growers to submit necessary statistical information when called for.

Any scheme of replanting will have to be carefully organised.

We have already mentioned in the chapter on replanting the need for a staff to plan replanting and review its progress. The same staff will also supervise the soundness of fixed assets. As regards supervision over cultivation practices, the liaison advisory service should be able to take care of it.

The existing research department will need re-organisation as a full-fledged agricultural department with a director looking after (1) research, (2) extension, (3) training and education, (4) production and development. The director will need necessary joint directors to assist him in performing these services. (Para 2).

The increase in the Robusta area in all the regions has heen higher than the Arabica area.

There is a fear amongst coffee planters that an unrestricted increase in the area of Robusta coffee will be disadvantageous to the industry in the long-run.

Both Arabica and Robusta should be made available to the Indian consumer and the Indian consumer should be educated to relish a proper blend of Robusta with Arabica.

If the tastes of the home consumer could be gradually converted to the consumption of a larger share of Robusta than at present, leaving most of the best Arabica for export, the effects of the existing increased production of Robusta will not be adverse. Greater amounts of the higher quality Arabica could then be released for export markets. There need be no fear of the expansion of Robusta affecting the growth of Arabica, provided each is given its proper place.

If proper machinery is made available to small growers, they can get a better price for their Robusta parchment.

Robusta coffee could be used for preparation of coffee tablets which would have a ready sale in the internal market.

Where small growers cultivate Robusta in lands suitable for Arabica for want of resources, every facility will have to be given to them to change over to Arabica where possible and to grow Arabica in new plantings. Also any extension of Robusta by medium and big growers should not be normally permitted in the future.

A proper demarcation of the area for Robusta growing and the area for Arabica growing has to be undertaken by a systematic survey by the Coffee Board and in granting permits for extension of new areas under coffee, these factors have to be borne in mind. (Para 3)..

Targets of production should be fixed after taking into consideration estimated demand and not merely on the basis of production possibilities.

The figures of estimates of production should not be taken to mean that the estimated expansion in area will need to be immediately undertaken. The expansion will have to be phased according to demand. Secondly, though according to these figures the area under Robusta should be reduced, the expansion under Robusta consumption we envisage may be able to absorb the production from the existing area under Robusta.

In deciding on any expansion, the urgency of new planting required by those whose existing estates are in unsuitable areas should be realised.

Replanting should not also be permitted in lands needing a long period of rest for recuperation.

A new planting policy should prevent extension in unsuitable areas. Secondly growers should be assisted to change over to suitable areas. Coffee cultivation is possible in certain parts of Assam, Orissa and Madhya Pradesh and we recommend that the suitability of extension in these regions should be kept in mind. This will provide a useful source of employment to tribal peoples in these areas. (Para 4).

We consider that an enlargement of the elected elements (in the Board) will only strengthen its advisory character.

We recommend that nomination to the Board should not be made by Government unless unavoidable, and the principle of election should be applied to the extent possible in choosing representatives of all the interests.

We recommend the abolition of the membership of State Governments in the Board except labour commissioners who should have a place in the industrial relations and welfare committee of the Board as non-voting members.

We recommend that the rules under the Coffee Act should provide that representatives of various interests in the Board should not combine in themselves the functions of more than one interest.

In the report on Tea, we have laid down certain principles for the appointment of committees in the Tea Board. They should also have an equal application to the Coffee Board. (Para 6).

Recommendations made in the report on Tea on regulation of the working of companies should also be applicable to coffee as suitably modified. These are summarised below:—

(*i*) The smaller companies could obtain the advantages of drawing upon a large cadre of experienced managerial personnel if they will combine together for the purpose of organising such a cadre. Any such association of producers for this purpose will have to be on a voluntary basis. We recommend that the Coffee Board should give every encouragement for the formation of such common cadres.

(*ii*) The possibility of any reduction in production costs lay partly in bringing down the administrative costs incurred on Non-Indian managerial staff and managing agencies.

(*iii*) We have made recommendations for the creation of new co-operative organisations for processing and supplies and greater assistance from the State Bank of India and State Finance Corporations. When these institutions recommended by us are fully developed, the need for the Managing Agency system in the coffee industry should disappear.

(*iv*) We recommend that remuneration to staff should take the form of a fixed salary.

(*v*) High managerial overheads are by no means essential for efficient productivity. We suggest that the Coffee Board should be empowered to examine cases of disproportionately high remunerations paid to managerial and other senior staff in coffee companies and when necessary advise companies concerned in this connection and exert its influence in reducing the disparities wherever they exist.

(*vi*) We recommend that an increasing number of Indians be appointed in the managerial cadre of Non-Indian coffee companies.

(*vii*) We feel that it is essential that a system of local audit of the garden expenditure and other branch office expenditure should be insisted upon by the Government in the case of all companies.

(*viii*) We suggest that in regard to the exercise of powers under the new companies Act, there should be consultation among the Ministries concerned, the Company Law Administration and the Chairman of the Coffee Board. They should decide as to which powers should be delegated to the Coffee Board, which should be exercised after its consent and which by the Company Law Administration directly.

(*ix*) The Controller of Capital Issues should make a more rigorous scrutiny of the applications of plantation companies for issues of share capital and capitalisation of reserves and debentures. The Coffee Board should be consulted in this matter. As the Board tries to secure for the coffee grower basic price on the basis of costs plus return on investment and as the consumer has to foot the bill, a greater scrutiny of share capital is necessary so that it may not be more than the value of necessary fixed assets. Over capitalisation resulting from excessive valuation of fixed assets has to be scrutinised.

(*x*) In our report on tea we have stated that in the case of Plantations which are worked as large single units of production any attempt to change their structure by breaking them up into numerous small units will result in a break-down in production and that the best policy is not to fix any ceiling on land-holding in the Plantation Industry. This applies to coffee also.

Summary.

According to our terms of reference we have to make recommendations to Government on the measures necessary:—

(*a*) To secure for the producer a fair price for his product and to the consumer a fair price for the article he buys;

(*b*) To enable the provision of necessary finance for the plantation industries;

(*c*) To ensure suitable marketing arrangements; and

(*d*) To develop and expand the tea, coffee and rubber plantation industries.

In the earlier chapters at the relevant places we have already made our recommendations on these points. To recapitulate briefly, we have, in the previous chapter, observed that the industry's objective should be to regulate production so that supply approximates as closely as possible to demand and at the same time take all possible steps to increase demand. If this is properly planned and the various recommendations made in the several chapters of the report which have a bearing on reduction of costs of production and other

expenses and on the methods of marketing are implemented, and attention paid to increased production of quality coffee for exports while internal needs are met with adequate quantities, a steady market for coffee will be assured. The producer will then be able to secure a fair price for his produce. So far as the consumer in India is concerned we hve in the chapter on 'marketing of coffee—retail distribution' made certan suggestions for broad-basing the distribution system. These recommendations should help in the directions of distribution of pure coffee and coffee blends at a fair price.

In regard to finance we have already made certain suggestions in the chapter on finance. If these suggestions are implemented the producers will be enabled to get their requirements of finance both for short and long-term purposes, adequately.

In the chapter on 'Marketing of Coffee-primary sales' we have made the recommendation that a warehousing corporation should be established under the aegis af the Coffee Board. This if given effect to, will improve the marketing system and eliminate existing complaints.

For development of the coffee industry we have recommended that there should be a Development Staff with the Coffee Board and that the Board should also provide an advisory service, organise training courses, and co-ordinate and aid scientific research and provide for some more standing committees. We have offered some suggestions for the regulation of working of coffee companies and have also suggested that a statutory reserve should be formed in each company for meeting development expenditure, details regarding which have been left to be settled by a committee. These and the measures recommended for replanting and improvements of the fixed assets of the industry in the relevant chapters will go a long way in meeting the development needs. In regard to further expansion, our view as already expressed elsewhere is that the immediate problem before the industry is not only the regulation of the internal distributive trade but an intensification of yield at economic cost in existing areas and extension to the minimum necessary to meet the growing internal demand and to maintain and develop our export markets.

Acknowledgments.

Before concluding our report on Coffee, we wish once again to thank the Assessors who were associated with the Inquiry and who accompanied us on our tours at great personal inconvenience to themselves, and helped us to see a good cross section of the industry in different regions and to understand its problems. Our thanks are due to the Ministries of the Government of India for their co-operation in conducting the inquiry. We also thank the State Governments and the producers' Associations in the various Coffee growing areas, for their help in conducting our tours for having furnished replies to our Questionnaire, helped us with their views in our meetings with them, and given detailed information on many points on which we had to make references to them. We thank the Coffee Board for the trouble they took in furnishing detailed answers to our Questionnaire and to the many references we had to make to them during the course of the enquiry. Our thanks are also due to the Coffee Companies and Proprietors who furnished replies to our Questionnaires, supplied statistical data on our proformas and granted facilities for visits to their coffee estates. They must have devoted a great deal of time for collecting the detailed statistical data which was necessary for furnishing answers to the

Questionnaire and the proformas. Our thanks are also due to the Superintendents and Managers of the Estates we visited for their kind hospitality and for the trouble they took in taking us round their estates and explaining their problems. We also thank the Coffee Trading Organisations and companies who answered our Questionnaire and furnished us information. The Government Cost Accounts Officers helped us in all stages of work and our special thanks are due to them and their staff.

(P.M. MENON)

New Delhi, (K.G. SIVASWAMY)*

4th September, 1956. (M.V. MATHUR)

*Subject to dissenting minute

Minute of Dissent

OF

Sri K. G. Sivaswamy

(Member)

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CHAPTER I

Primary Marketing and Distribution of Coffee

Objective of the Coffee Amendment Act.

1. One of the objectives of the Coffee Amendment Act of 1954, according to the statement of objectives and reasons for this amendment is 'keeping prices at reasonable levels'.

Rise in consumer price due to producer domination.

2. This objective was definitely aimed at because of the high price which the consumer was forced to pay till October, 1952 owing to the high auction prices realised by the 'Pool'. This point was brought out by the Minister of Commerce and Industries in the following words during the discussion of the amendment in the Lok Sabha and Rajya Sabha.

"A Board where the producers are fourteen in number and where the consumer was not represented were in a position to raise the prices for the consumer without any reference to him subject only, I suppose, to the veto that could be exercised by Government."

"The consumer interest was bound to suffer when auctions were conducted by a Board or a Committee dominated by producer-cum-trader interests."

The common man found it difficult during the last two years to have this national beverage at least once a day (23-11-54 Lok Sabha).

How auction raises the price.

3. If consumer price is to be fair, the price for which the trader bid in the pool auctions should be as low as possible. But the method of permitting dealers to bid as high as possible over the basic release price fixed by the Board subject to a high ceiling which in no way affected the sale of coffee at a high price only increased the return for the producer far above what he is entitled to. (Vide figures in the para on local auctions in the report of the Commission). The difference between the pool release price in auctions and the amount realised in auctions per cwt. was as follows:—

1947-48	Rs. 49	0	0
1948-49	Rs. 25	2	0
1949-50	Rs. 26	9	0
1950-51	Rs. 39	13	0
1951-52	Rs. 42	7	0
1952-53	Rs. 23	12	0
1953-54	Rs. 54	8	9

The coffee-grower was not only assured a basic price based on costs plus return on investment year after year but was also permitted to make the maximum out of the consumer through the dealer in auctions. The Commission Report recognised this fact but recommended only that half of the realisation in export auctions should be credited to the Pool to be spent on consumer subsidy. It pointed however to the fact that 'the rubber grower gets a price fixed by Government on the basis of costs and a fair return but nothing more'. The grower of Rubber has not been endowed with state power to form a marketing board and make profit out of the consumer possibly because the risks by this method are greater to the industries of the country. But the coffee grower is assisted by a state organisation as the Coffee Board to make the maximum profit out of the consumer. This has led to the situation in which what a coffee-grower receives out of national income is far greater than what he pays for his requirements. (vide Annexure) So long therefore it is considered that a coffee grower is entitled to half of the export surplus credited under our proposals to a fund towards

ensuring him a cost plus return on investment in years of loss and fully to the realisations from internal auction sales and that the consumer should bear the excess price due to the method of distributing coffee through open auctions, the consumer cannot but pay this excess price.

The Pool Administration is therefore weighed in favour of the producer against the consumer. The excess realisation by auctions varies from Rs. 30 to Rs. 50 per cwt. Even if the Commission's proposal was accepted regarding the transfer of realisations in export to the pool, even then the dealer would be bidding high in internal auctions over the auction release price and paying about Rs. 20 per cwt. or 3 annas per lb. to the producer, more than what the latter should get.

4. The Commission report no doubt realises the adverse effect on the consumer of a state-assisted producer organisation to sell its produce at the maximum price in free economy. It says:—

The philosophy of distribution.

"At one end a statutory Coffee Board has been set up as the sole channel for marketing coffee thereby preventing a free market supply while permitting free trade through auctions under certain limitations. The consumer has no scope in this system of taking advantage of free competition among producers."

But the report feels diffident of the Board undertaking controlled distribution to balance the primary sale through a single channel as it creates difficult problems of supervision. What is however suggested here is not control of distribution at all stages but distribution to dealers at the basic release price without holding an auction. The Commission report holds that the Board can bear the burden of collecting coffee, administering its sale and distributing the sale proceeds and also discharging the various executive responsibilities regarding replanting, extension work, curing and warehousing, and export sales. But the administrative difficulty seems to arise only when distributing coffee to dealers without any auction. The Commission report further recognises that positive action is necessary in the distribution of coffee powder and controls over private trade cannot succeed in preventing adulteration. It said—

"There was also the other problem that coffee powder is distinctly a different product from coffee beans and if control is exercised over the auction of raw coffee with a view to reduce excessive profits to the trade, some sections of the trade try to make it up by blending or adulteration. It further claims the right of not letting the public know what quantum of different varieties of coffee beans which sell at different prices has been mixed in the powder blend. With coffee transformed into powder the efficacy of any method of control is minimised in regulating distribution."

The report further mentions about high prices and how they result in adulteration:—

"The fact that pure coffee is not within the reach of the average consumer at the prices at which it is sold today partly accounts for the large amount of adulteration that is prevalent in the industry. The middle class in South India finds it difficult to get coffee except at high prices. If they go in for cheap coffee what they usually get is adulterated stuff."

5. Leaving for the moment the problem of retail distribution, the primary question is whether coffee could not be sold to dealers at costs plus return on investment due to the grower plus administrative charges. This may be done in either of two ways, either by fixing the lowest possible ceiling for bids in auctions or distributing coffee to dealers at a minimum price. This device must bring down to some extent the price to the

Sale of coffee at basic release price.

consumer. To the consumer it matters little whether the dealer or the grower gets a higher margin than necessary out of him. Possibly the roaster may adulterate less to make up the loss in paying a high price to the dealer, and the dealer may sell at a less price if he is not compelled to bid and pay to the producer more than a legitimate return. The fact that margins of the dealer and retailer are not controlled is no reason for not selling pooled coffee at a legitimate price to the dealer.

The Commission no doubt quotes from the evidence of Mr. K. B. Mackenzie who has much experience of distribution in the U. K. between 1939 and 1950 and was advisor to the Ministry of Food in London during the war but it has not taken notice of his proposal. He says—

> "With regard to coffees offered for domestic auctions, if the reservation for domestic consumption is properly planned, the Marketing Board could announce very definitely that they would not necessarily accept the highest bids and, at their discretion during the auction, the lot could be knocked down to the bidder at a price which, in their opinion, represents a fair basic price for the build-up of the price to the consumer.
>
> It is very simple for the Board, from the records they maintained and by a control of the prices bid in auctions as I have suggested above, to eliminate any undesirable elements from the auctions and to maintain a steady and low level of prices for the benefit of the domestic consumer."

Price spread between the dealer and the consumer.

6. We will now examine the price spread between the dealer and the consumer. The commission report points to high margins in distribution. The evidence extracted in the report said that—

"A margin of 25% was high for the trade and if retail margins were not reduced, the Board should sell its own blends at lowest possible margins, robusta was sold at a fairly high price, and a better portion of the profit was snatched off by middlemen retail grinders."

It concludes about the evidence that—

> "these extracts showed the possibilities of high margin of profits and the difficulty of regulating the distribution of coffee powder."

After examining the price structure the report of the Commission concluded—

> "There are certain other facts which indicate there is scope for reduction in the retail price of coffee-powder......The components of the price-structure show that certain costs in it might be reduced. When the roaster sells coffee powder at Rs. 2-12-0 to Rs. 3/- per lb., he makes substantial profit. The threat of adulteration and the high consumer price should be reduced to the extent possible."

Recommendations of the Commission.

7. The report has made three recommendations which will have the effect of minimising adulteration and bringing down prices. The one is the direct distribution through normal channels of cheap coffee manufactured by a company or co-operative under the aegis of the Board. The second is encouragement of local auctions for selling small lots to retailers, and the third is reservation of existing allotments of coffee and future excess production over the present to co-operatives.

The cheap coffee scheme

8. The first is a positive remedy, but considering the experience gained that even a good institution may fail if managed by persons whose interests do not lie in promoting it, much will depend on the constitution of the Coffee Board.

9. The experience in the working of local auctions is according to the report of the Commission as follows:—

Local auctions.

"The Board recommended the closure of local auctions. The Government of India was against the proposal. Hence the Board dis-continued the local auctions where sales were poor and retained them only at 10 centres instead of 14. The reasons advanced for the closure were that the difference between pool release price and auction price has narrowed. The figures however showed that there is still a gap. The Board made a profit of about Rs. 4/- per cwt. from bidders at local auctions. What was started as an institution to counter balance major pool auctions was burdened with a higher basic price, thereby defeating the very purpose of local auctions."

The report has recommended that the basic price for auctions should be the same for major and local auctions, there should be no special profit-making in the conduct of local auctions, and such auctions should be extended. What one has to closely study from an examination of these defects is the approach of the Board towards this policy of local auctions. The whole object of the Board is to defeat its purpose, as a balance against excessive bids in major auctions. If not, why do they recommend closure, make a special profit of Rs. 4/- per cwt., increase the basic release price in local auctions, and close, too four important centres of local auctions. A Board which is maintaining local auctions just in form to conform to the policy of the Government, while practically making it valueless is again asked to conduct them on a fair basis. The evil is in the constitution of the Board and it is doubtful whether, without diagnosing and removing it, institutions started to protect the consumer will have a favourable soil to thrive.

10. As regards co-operative societies which is, another institution started to steady the market price to fair level, the report says as follows:—

Co-operatives.

"Direct sale to co-operatives has been showing a tendency to decrease. There does not appear to be any substantial concession in price for co-operatives as is claimed by the Board. Co-operatives had no special advantage over private trade."

These remarks again showed that the root cause of failure of co-operatives in sale of coffee was the absence of interest in the Board in promoting them as against private trade. While big producers and big traders had conflicts of interest, this did not stand in the way of the former discouraging co-operatives as against private trade in the distribution of coffee.

The report of the commission no doubt recognised the superiority of co-operatives to private trade in the distribution of coffee powder on the ground that the better lent themselves to control. It said—

"Coffee powder is a highly variable product and its composition cannot be easily analysed by the ordinary consumer. Therefore its distribution can to some extent be better controlled in the interest of the consumer when sold through state-partnered co-operatives."

But what stood in the way of the commission recommending the maximum use of the co-operative organisation is explained as follows:—

"However a complete change over from the private sector to the co-operative will affect those in private trade whose main source of livelihood is coffee distribution. But there should be no difficulty in continuing the existing allotments to co-operative societies and reserving all future increases in production for them."

Having emphasised the high price and adulteration as the consequences of private trade in coffee, having further emphasized the superiority of co-operative as an agency that can be better controlled than private trade, the ground on which the co-operative organisation, according to the commission report, is not to be fully used is that 'it will affect those in private trade whose main distribution of livelihood is coffee distribution.' In conformity with this view, it is possible to utilise the co-operative method of organisation and yet at the same time absorb private trade in it. Central co-operative stores can use retail traders as branches and they do so even now in some areas and hence many retailers may be absorbed as staff of branches of central co-operative stores. As regards wholesale traders, they need not be wholly disturbed. Their place may be gradually taken by central co-operative stores in a phased programme. They may be absorbed to as secretaries of such stores or as inspectors of the Board to supervise the co-operatives. What is required is that the existing portion of distribution to co-operatives should be increased at least to the maximum it did in any year during the last several years. If co-operatives can distribute 50% of Sindhri fertilisers, there is no reason why they cannot distribute at least 1/5 of the existing production *i.e.*, about 4,000 tons. The Commission has no doubt made a far-sighted recommendation that distribution of excess production over the present should be handed to co-operatives. As a long-term policy this is to be whole heartedly welcomed but as a measure of immediate regulation, I would suggest in addition an increase in allotment to co-operatives to the extent of a fifth of existing production to be progressively raised within 10 years to cover the whole production.

Distribution by trade (evidence).

11. The evidence referred to by the Commission does not show also that dealers can be trusted to act in good faith. It said that they rigged up prices, cornered stocks, manipulated bids, created bogus merchants to bid in auctions, and competed unhealthily among themselves. After referring to the various devices adopted to control distribution, the report of the Commission says—

> "These have served only to highlight the problem without giving any real relief to the consumer who by and large have to depend upon the retailer in the bazar for his needs. High auction prices have also been responsible to some extent for adulteration in retail sales."

Increasing control of the Board.

12. Since the advent of the new constitution in the Coffee Amendment Act 1954, unfair practices to increase the producers' gain at the expense of the consumer have been somewhat checked. According to the report—

> "The taking over of the control of the industry by the Government in the new Act and the appointment of an official chairman has helped to stiffen the present set-up to protect the interests of the consumer. A greater control is being exercised over the trade."

These are no doubt true. At the same time the report admits the failure of controls over trade in giving any real relief to the consumer. As the Commission is doubtful of the Board taking the responsibility for distribution, it says that 'the solution lay in providing necessary regulation whenever unfair practices came to the front.' It concludes that—

> "Strict control over private distributing agencies *etc.*, will help the consumer to get coffee at a fair price."

13. The experience of the Board in the working of controls showed that

controlled distribution of wholesalers and retailers was not impossible., (vide para of the report). The defects were not such as to condemn the method of control as such as bad. One should make a difference between a system and defects of the system. Black marketing is a consequence of inequalities of wealth and the rich had opportunities to pay a black-mail for breaking the law of controls. The common man was protected by rationed distribution. Partial and half-hearted methods of control, discredited it. When the Board worked the controls before 1948, sale of coffee over the statutory price by trade could not be prevented owing to the indifference or inefficiency of the staff. This only showed the need for proper direction and an efficient and honest staff and was no reflection on the system of controls. With greater reduction in inequalities of wealth and vigilant public opinion controls will prove more efficacious.

Board's experience.

14. It is not necessary that the Board should set up its own establishments to distribute coffee but as the report believes in strict controls over private distributing agencies, it might have given some details of exercising control. There is also according to the report of the Commission the difficult problem of supervision of controlled distribution. But if the evidence about the practices of trade is to be believed, if the comment in the report on the failure of methods of controlled distribution by the Board is correct, if the Board's experience was not a condemnation of controls as such but only showed the defects of their implementation, and if the proposal in the report 'of exercising strict controls over private distributing agencies' is to be implemented, there is no other way than licensing all wholesalers and retailers both in the private and the co-operative sector. Coffee should be distributed according to fixed prices and defined margins. Traders should hang on the Notice Board of their shops the prices at which they sell coffee beans and powder. They should be inspected. Coffee being an important beverage of the middle class, the latter in their own interest will naturally act as the unpaid inspectors of trade in so far as they will not be parties to any abuses. Assisted by state regulations, they will take better care of themselves and, therefore, act as a check on trade. Adulteration too will have to be checked by the staff of the Board.

Proposals of control.

15. The experience of defects of inspection, by a revenue staff, of controls administered by a foreign bureaucracy should not be hanging over our minds in a free democratic country whose administrative personnel has to show, and is progressively showing, a higher standard of performance. The demands of the Second Five Year Plan on the nation create a new situation. The growing higher income among the lower middle class and labour should not pass into channels of less essential consumption to the detriment of consumption expenditure on more essential articles. The disorganised consumer with low purchasing power should not be deprived of what little he has by a powerful combination of producers endowed with state power by the Coffee Act. The demand situation should be fully realised. The keenness of the demand was there in South India owing to the coffee-drinking habit among all classes. The consumer needed coffee at the lowest possible price as his purchasing power was low. The supply position on the other hand was peculiar. It depended on time-lines of blossom showers, weather conditions, and the variable yield of the crop. Supply widely fluctuated. Trade can corner, as coffee beans are not easily perishable. And if price was controlled trade could make the profit by adulteration. Free market supplies have been further affected by the monopoly sale of coffee. Conditions were more compelling under these circumstances for distribution at fixed margin of profits and costs than for free trade. Suffering resulting from private trade may be considered by some as an experience which the consumer should pass

The place of controls in coffee distribution.

through. This continuous conflict of the consumer and trader inherent in a free economy, according to them, may develop strength in the former and raise the standards of the latter. This commendation of perennial education of every person through co-existence under conditions of armed neutrality is no solution to the immediate problem of supply of pure coffee at a fair price. To quote an eminent economist.

"It is only a very rich country like the U.S.A. which can afford to talk of free enterprise and even indulge in it and yet not suffer economically. For all other countries which have much less of a margin to play with, a planned effort with a full apparatus of intelligently administered controls holds out the only promise of peaceful progress. When therefore we talk of an economic plan for a Free India, we must realise that this commits us not only to the maintenance of all the apparatus of wartime controls but also to its further elaboration. It may be that some of us think that controls involve so much regimentation that we would in any event do without them. But if we are all agreed as we seem superficially to be that the modern state has to work for certain social and economic objectives we must be prepared for such regimentation before the standard of living of the bulk of our people could even be slightly increased."

Defects of distribution due to the constitution.

16. The problem lay less in want of personnel in administering controls but more in the absence of a proper machinery to direct controls. The root cause lay in the fact that marketing in which the interest of producers is remote in the sense that they wake up only when there is consumer resistance was under the control of producer representatives in the Board.

The report of the Commission has referred to the harm arising from a producer-dominated board to the consumer interests. The removal or modification of certain powers of the Board in the proposed recommendations highlights the fact that it cannot be trusted to protect the interests of the consumer. The report has proposed that costs which are the basis for fixing the basis release price in auctions and which thereby becomes an assured price to the grower should not be fixed by the Board but by an independent body of experts. This body will have to work under a special commission for Plantations which will be described in the report on rubber.

Secondly, the award of points on assessment of coffee has not been impartial and hence the Commission has proposed an independent valuation by grading inspectors in consultation with representatives of producers and traders.

Thirdly, the report recognised the domination in the Board of representatives whose interest did not lie in reducing the coffee prices. It said—

"A Board comprising 17 representatives out of 26 whose interest did not lie in reducing coffee prices—for it should be remembered that 12 members represented growers, 1 member a curer, and 4 members the workers, and a curer's interest lay in joining the producers as he can get more commission on a rising price for coffee and the workers' interest, while they might have differences in sharing the profits with the employers did not necessarily lie in reducing the prices to the minimum—should not be expected to act against their interests and protect the interest of the consumer.' To quote a recent example, when a member representing parliament in the Board proposed that the basic price for the grower should be Rs. 2/- instead of Rs. 2-1-0 per point from 1-10-54, only 4 voted for it and almost the whole Board rejected it. It should be remembered that what the grower got was not merely this basic price but a final payment which was generally over 4 annas above the basic price per point."

Fourthly the report referred in the following words to the conflicting interests represented in the Board.

> "The Board represented two conflicting interests. The producer would like to export more. He was for reducing the buffer stocks. The consumer always insisted on a two month's stock to meet internal needs. The producer might like a frequent change of policy regarding monthly releases so as to get a higher price in auction. The consumer and the roaster were concerned with a regulated flow. The producer interest might exaggerate crop estimation so that more might be exported and a better price obtained. Over estimation resulted in more exports and less quantity being available for international consumption."

Board's Administration before and after the new Act.

17. The constitution of the Board proved an obstruction to its proper functioning in regulating the industry. That was why it was radically changed in the Coffee Amendment Act of 1954. When moving the Amendment Act, The Minister for Commerce and Industries said:—

> "What will happen if I get the Board crystallised in the manner in which it now runs? I have got to over-rule what they do. In fact a regular tug of war goes on between the Government and the Board." (Council of State, 15-9-1953).

> "The prices were dictated by the Marketing Committee in which, though Chief Marketing Officer was the Chairman, he did not have the dominant voice. So it was a very curious set up which is quite good when you want prices to rise and when you want to pump in a little more money into the hands of the bigger producers......A Board where the producers are 14 in number and where the consumer was not represented were in a position to raise the prices for the consumer without any reference to him subject only to the veto that could be exercised by Government.........Here is a case where we have a statutory Board where the representation is by means of the growers electing their men with a little watering down of that representation by other people nominated by Government. Where Government's wishes and even Government's purposes cannot be made plain while the responsibility or mis-management goes to Government. The position is extremely anamalous." (Minister's speech, Coffee Bill, 19th May, 1954 and 22nd November, 1954).

The evidence on the working of the Board also drew attention to the evils arising out of producer domination.

> "Growers should not be allowed to interfere with marketing as members of the Board....During the period of rising prices January 1951—September, 1952 under the pretext of export the Board managed to keep the price level high till it precipitated in a crash. Stocks were released by the Board for internal auction only after opening wide publicity to the export level and calling for tenders, and thus created a psychological moment conducive to the rise in prices even internally."

Further when traders defaulted in taking stocks which they bid at high prices in 1952 and the Board lost by their resale a sum amounting to Rs. 5.65 lakhs, the Board's action was tardy in recovering the amount. The marketing committee resolved on a token payment by these defaulting bidders of 12½% of the loss, despite the view of the Advocate-General, Madras, that auction was sustainable against the latter. It was only after appointment of the official Chairman the law has been allowed to take its course.

18. Reference has been made to all these facts just to show that the new Act had in no way succeeded in achieving one of its objectives namely—"a more equitable representation of all concerned interests" which was one of the objectives of the new amendment. The Act was no doubt a great improvement on the old. The small grower had representation to the extent of 50% of producer representatives. Secondly Government might nominate under the new Act 3 consumer representatives. Representation for big growers was broadened by allowing them to elect their own and not through Planters' Associations. The Lok Sabha was to elect 2 members and Rajya Sabha 1 member to the Board. The number of producer representatives was reduced from 14 to 12. The number of Labour representatives was increased from 3 to 4. But the new change did not in any way reduce the domination of the producers over the Board. What was lost by producer representatives was restored through an additional labour representative and a curer representative taken out of the four seats for trade. The curer is bound to side the producer as his economic interest lay that way. Labour will not vote for reduction in price for the consumer as it may react on its wages salaries and allowances. Hence in a board of 26, interests not representing consumers were 17.

Appraisal of the new constitution.

The Marketing Committee originally consisted of the Chief Coffee Marketing Officer as ex-officio chairman and 8 other members, majority of whom were growers. Under the new rules the chairman of the Board shall be ex-officio chairman of the committee. It shall consist of 9 other members of whom 5 shall be growers, two for trade, and two for consumers. The same producer majority therefore continued in the Marketing Committee. The producer still dominated in the committee for marketing in which the person interested is the consumer.

19. Under the 1954 Coffee Amendment Act, Government took more responsibilities. The coffee market expansion Act was for regulating export and sale of coffee. The Amendment Act of 1954 was to provide for the development under the control of the union of the coffee industry. This radical change in the object required a radical change in the constitution. The former object required a Board representing producers and consumers. The latter required all interests to be consulted. The former did not need an independent executive branch as it had no regulatory functions. The latter required it. Control of industry involved a lot of executive work as licensing of dealers and curers, permits for replanting and new planting, suspension and cancellation of licenses, crop-estimation, and directives for estate management and husbandry, that a large Board of 26 semi-elected honorary members would hardly be a suitable agency for the purpose. The border line has to be drawn where the responsibility of the chairman and his secretariat ended and that of the Board began. It is not easy to do this and the consequence will be this line will widen or narrow according to the strength of the chairman or the Board and the extent of elbow strength which the former might expect from an executive branch of the Commerce Ministry. Government has no doubt taken powers under the new Act to appoint a whole time official chairman and the chief marketing officer, and to approve of appointments carrying a salary of Rs. 500 and over. It may also appoint a Deputy Secretary and such number of Marketing Officers as may be necessary. It has taken further powers under the new Act 'to initiate any action relating to the control of the industry which will be binding on the Board.' Under the former Act, Government may modify any action coming from the Board but cannot initiate. This makes the Board an advisory branch of the Government. The maximum changes that Government could introduce in the context of the prevailing attitude of the legislature and the industry were there. Non-official opinion failed to realise

Contradictions in the constitution.

that while they had every right to be consulted regarding regulations, they should not demand the right of implementing the latter which is an executive work. They did not see that a body changing in its personnel through elections and not working whole time could only be a deliberative but not an executive body. When a constitution intended for one purpose was changed to the minimum to suit a different purpose, a certain amount of friction results and smooth working is impeded. Freedom to act for the executive and for the various interests has been achieved in countries as Ceylone by appointing a controller assisted by an advisory committee.

The new constitution has succeeded only to a limited extent in providing a board for safe-guarding the consumer interest. The Minister hoped that the new constitution will prevent 'a regular tug of war between the Government and the Board.' But it has only transferred the scene of action from Delhi to Bangalore, and the tug of war from the Government and the Board to the chairman of the Board and the Board. The official chairman could not ordinarily go against the resolutions of a marketing committee or the Board dominated by producers. A recent instance is the rejection by the executive committee of the Board of a proposal from Government to appoint a Development Officer for study of areas suitable for expansion of coffee. If the chairman objected to a proposal of the Board he would have to get the approval of the Plantation Branch of the Commerce Ministry for taking any action. Veto cannot be a daily article of diet on which any institution may exist. If used to the minimum, it was possible to do so only when the chairman and the Board or the Committee of the Board mainly agreed on most of the points. Or either of the parties should surrendertheir judgment to the other in the interest of peace of life. Differences in a Board of this type are not honest differences of points of view on a set of facts but arise out of the economic conflict of interests. Too many references by the chairman to Government for veto will get him the title 'tactless' which is another name for a dutiful officer who is uninfluenced by extraneous influences, and will increase the hostility of the representatives against him. Too little references may give the appearance of harmony but may be the result of the surrender of the consumer interest by the chairman to the Board.

Commission's proposals.

20. The report of the Commission has proposed in order to make the Chairman's work easy the addition of a roaster and an expert as a member of the marketing committee thereby giving 6 seats to the non-producers as against 5 for producers. How far a roaster who will certainly stand for sale of coffee at cheap price by wholesalers when he buys from them will agree to a fair consumer price and control adulteration is a doubtful question. What we need is not an umpire but representation of interests which normally will not act against themselves. A change of this nature in the personnel of the marketing committee does not also change the domination in the Board of representatives who have no interest in bringing down consumer price to a fair level.

Another proposal of the Commission was to broad base the selection of representatives to the Board. It has recommended that every interest should be elected as far as possible and nominations by State Governments should be abolished. These are no doubt sound recommendations if only the Board had only advisory functions. While thus they helped one aspect of its functioning they increased the difficulties for the executive branch. If these recommendations were further pursued, the official part will have to be separated from the elected part of the constitution. Otherwise, the broadening of the elected element will show off to a greater extent than at present the conflicts inherent in the present constitution among the different interests, the unceasing fight which the official chairman will have to put up in the interest of the consumer, and the real domination of the producer interest in the Board. These are being masked at present by the Government having the right of nomination of various interests.

The non-official nominees being obliged to the Government and not to any other body for their membership, there is no mandate which they have to carry out from their electorates. Nominations therefore cushioned the conflicts inherent in a mixed board. But nomination has its dangers that the Ministry will be making gratuitous enemies of those who expect nomination but are not nominated, and it cannot avoid extraneous pressure. Also advice of Government nominees can hardly be considered representative unless it is tendered by elected representatives of various interests. Election is no doubt the soundest method but then the elected representatives can hardly be entrusted with regulatory responsibilities. As the Commission report says 'an enlargement of the elected elements will only strengthen the advisory charactar of the Board.' While thus it is so useful, the association of elected representatives in executing and administrative tasks for which an official chairman is responsible to an authority to whom these elected representatives are not subject to, makes regulation of the industry difficult. And when such representatives do not represent consumers, marketing does not get into right hands and the Chairman's task becomes equally difficult.

Producers' interest little in marketing.

21. The producer is only remotely interested in marketing in the sense that he agrees for a lower price when there is consumer resistance. But if trade can pay him his due and sell his article anyhow, he will not be actively taking steps to prevent for the consumer a high price for coffee and its adulteration. A Board entrusted with sale of an article should comprise representatives who will be the parties to suffer by any abuses or extravagances in cost of sales. Under the proposals of the Commission the producer cannot recommend costs as a member of the Board. The assessment of value for his coffee will be made in consultation also with trade representatives, and his share of export realisations has been transferred to the reserves of the Board to be partly spent on the consumer. While thus the producer representative has lost some of his previous rights and powers, his hold over the consumer however continues, as he is the major partner in the Board who decides how much to sell, when to sell, where to sell, through whom to sell, and at what price it should be sold. These are all functions in which the producer has no interest, except as a citizen. The really interested party is the consumer and he has 3 representatives out of 27 on the Board. And he is just the party who suffers as a result of high cot and adulteration. The Lucas Committee report on marketing boards in the U. K. put the case why marketing should not be under the producers in the following words :

> "The practical question is whether producers have a natural or prescriptive right in the product which in the last analysis transcends the rights of the other interests concerned and which might even be held to justify the exercise by producer boards of powers of control over the methods and agencies of marketing subsequent to the point at which the commodity is sold by producers. We cannot accept the view that the undoubted interest which producers have in the whole sequence of marketing entitles them to exercise through their statutory marketing boards exclusive regulatory powers of the product after the point of first sale."

The Lucas Committee report further explained why the producer should not dominate a marketing board.

> "It seems to us incontestable that the community in general as consumer or as tax-payer has a more direct interest than the producer in the realising of marketing economies......Even though the intention to expand the market may be present we are doubtful as to whether producer elections are really the method best calculated to obtain the most efficient personnel to effect this purpose."

It also mentioned in the following words the harm that would occur when marketing was in the hands of sectional interests either singly or in combination.

> "It is the tax-payer who in effect buys the produce at the point at which the guarantee operates. It makes no real difference whether the tax-payer buys and resells at a loss or whether he makes up the price paid by some one else. In our view it would be utterly wrong to allow a single sectional interest or combination of sectional interests to exercise monopoly rights in the disposal of public property. In effect the tax-payer is the real purchaser and the produce becomes public property at the point at which the guarantee operates."

Official whole-time Board and advisory bodies.

22. When once the Government has transformed the Board practically into an executive Branch by taking powers to dictate what it should do, the participation of semi-elected representatives and nominees of Government in a board with an official chairman weakened the board both in discharging executive responsibilities and obtaining representative advice of various interests. But when a regulatory body intervened in private enterprise, it has to consult the latter on every aspect. It should get its co-operation. An official wholetime Board comprising a Chairman and whole-time official members in charge of production and finance acting on the advice of elected advisory bodies will be a logical evolution of the present Coffee Amendment Act. Such a constitution will avoid a dual authority for the executive, and create a representative body responsible to several interests for tendering advice. If the Ministry of Commerce and Industries is responsible to regulate the industry, it should in no way compromise its responsibilities by asking its executive to work under a semi-non-official Board. If the Board is intended to advise, then government should straight away form advisory boards to advise its executive Branch. The Lucas Committee report has brought out this point so clearly that I gladly quote it below:—

> "We think it is important that there should be direct and immediate means of contact with private interests whose operations will be affected by the work of the commissions (Body of wholetime government servants). We recommend therefore that separate advisory committees should be nominated by producers, processors, wholesalers, retailers, and any other sectional interest concerned for purpose of consultation with the commission on matters of common concern. We are of opinion that this method would be far more satisfactory than that of having nominees of the sectional interests concerned appointed to the commodity commissons."

The proposed constitution will satisfy all. All the interests will be elected. They will know they are advisory bodies. The official Board need not share its responsibilities with non-official nominees. But it must consult the elected advisory bodies of different interests on concerned matters.

An independent marketing board.

23. As the proposed Board will have adequate work in carrying out regulatory tasks and particularly in carrying out the objective of the Coffee Amendment Act 1954 namely 'stepping up production to meet the increasing demand of the home market' it may leave the other objectives as keeping prices at reasonable levels and meeting export requirements to a marketing board. At present marketing is kept as a section of the Board under a marketing committee. Separate staff and accounts are maintained. In Kenya the Marketing Board is different from the Coffee Board. The Marketing Board might either consist of wholetime government officials advised by an advisory board comprising a few representatives of producers, traders, and roasters and a majority of representatives of consumers. Or it might be a

mixed Board comprising an official chairman, whole time official members of the Coffee Board, a few representing producers and a majority of consumer representatives. The consumer representatives should comprise those of consumer and employees co-operatives, canteens of government employees and industrial establishments, and associations of hotel proprietors. In addition this mixed Board should comprise a few representatives of wholesale and retail dealers and roasters. Representation for co-operatives and retail dealers should be in the proportion of business they do for the marketing board. The election of representatives may be restricted to those societies and those who sell a certain quantity and over. In order to get experienced men in business, co-operatives might be asked to send as representatives only their office bearers such as presidents, vice-presidents and secretaries. The proposed Joint Stock Company or co-operative for the cheap coffee scheme may be merged in this marketing Board.

An alternative constitution with minimum changes.

24. If expediency requires the least change in the existing constitution, the following may be considered as such for providing adequate representation for all interests. (1) The rules should define as far as possible the executive responsibilities of the official chairman which he should discharge (*a*) independently, and (*b*) in consultation with the Board. (2) The present constitution has given officials 50% representation in the executive committee. It provides for an official chairman and 3 members representing the governments of Mysore, Madras, and Coorg. The non-official representatives in the executive committee elected by the Board are 4. As a fifty per cent representation for officials is already recognised, this principle may be adopted in another way, by providing for representation of 3 wholetime officials of the Coffee Board in the executive committee, instead of the 3 nominees of State Governments. (3) The marketing committee should have a majority of consumer representatives. (4) The existing 3 trade representatives might continue. (5) Roasters and retailers may be elected, two each. (6) The number of consumer representatives should be increased from 3 to 13 in the Board equal to the number of representatives of producers and curers. An increase in the number of consumer representatives can be made even under the present constitution to some extent. If the 3 members from the Lok Sabha and Rajya Sabha are elected only from those who have no interests in the coffee industry other than as consumers, the number of consumer representatives will thereby increase to 6. Consumer representatives should be elected. Co-operatives, canteens and associations of hotel properietors should be the electorate to elect them.

The Board will then comprise 13 representing producers (of whom one will represent curers), 10 representing consumers, 3 traders, 2 members of the Lok Sabha and 1 of the Rajya Sabha, 2 each representing roasters and retailers, 4 representing labour, 3 whole time officials of the Board and the official chairman, in all 41.

Summary.

25. (*i*) The primary question is whether coffee cannot be sold to dealers at cost plus return on investment due to the grower plus administrative charges. This may be done in either of two ways, either by fixing the lowest possible ceiling for bids in auctions or distributing coffee to dealers at a minimum price (5).

(*ii*) The cheap coffee scheme proposed by the Commission is a positive remedy, but considering the experience gained that even a good institution may fail if managed by persons whose interests do not lie in promoting it, much will depend on the constitution of the Coffee Board. (8)

(*iii*) A Board which is maintaining local auctions just in form to conform to the policy of the government, while practically making it valueless is again asked to conduct them on a fair basis. The evil is in the constitution of the Board and it is doubtful whether without diagonsing and removing it, institutions started to protect the consumer will have a favourable soil to thrive.

(*iv*) The root cause of failure of co-operatives in the sale of coffee was the absence of interest in the Board in promoting them as against private trade. (10).

It is possible to utilise the co-operative method of organisation and yet at the same time absorb private trade in it. Central co-operative stores can use retail traders as managers of their branches and thus absorb them as their own staff. As regards wholesale traders, they need not be wholly disturbed. Their place may be gradually taken by central co-operative stores in a phased programme. They may be absorbed as secreteries of such stores or as inspectors of the Board to supervise the co-operatives.

If co-operatives can distribute 50% of Sindhri fertilisers, there is no reason why they cannot distribute at least 1/5 of existing production, *i.e.*, about 4,000 tons. (10).

(*v*) All wholesalers and retailers in the private and co-operative sectors should be licensed for distribution of coffee. They should sell according to fixed prices and margins. They should be inspected. Adulteration too will have to be checked by the staff of the Board. (14).

(*vi*) The problem lay less in want of personnel in administering controls but more in the absence of a proper machinery to direct controls. The root cause lay in the fact that marketing in which the interest of producers is remote in the sense that they wake up only when there is consumer resistance, was under the control of the producer representatives in the Board. (16)

(*vii*) The Board comprised a majority of representatives whose interests do not lie in reducing coffee prices. It represented conflicting interests. (16).

(*viii*) The Board either under the old or the new Act was quite good when one wanted prices to rise. While the Act was a great improvement on the old in broadening representation for all interests, the new board comprised 26 members of whom 17 could not be actively interested in market economies, market efficiency, and sale of pure coffee as they were not consumers. The consumers are the real parties to suffer by inefficient marketing and not others. (18).

(*ix*) A non-official semi-elected Board was unsuited for the executive work of regulating the industry. It was also unsuited for consultation in an advisory capacity. Consultation is better achieved by bodies of fully elected representatives of different interests. Regulation is better achieved by a Board of wholetime officials. An official wholetime Board comprising a chairman and wholetime official members in charge of production and finance acting on the advise of elected advisory bodies of different interests will be a logical evolution of the present Coffee Amendment Act. (22).

(*x*) A separate marketing Board should be started. It might either consist of wholetime government officials advised by an advisory board comprising a few representatives of producers, traders and roasters and a majority of consumer representatives, or

It might be a mixed Board comprising an official chairman, the wholetime official members of the Coffee Board, a few representing producers and a majority of consumers representatives. In addition, this Board should comprise a few representatives of wholesale and retail dealers and roasters. (23).

The next best to making some changes in the existing constitution would be the following:—

(1) Rules should define as far as possible the executive responsibilities of the official chairman which he should discharge (*a*) independently and (*b*) in consultation with the Board.

(2) In the place of 3 nominees of State Governments, 3 wholetime officials of the Board may be made its members and also of the executive committee.

(3) The Marketing Committee should have a majority of consumer representatives.

(4) The 3 members elected by the Lok Sabha and the Rajya Sabha should have no interest as producers, traders, curers or roasters in the coffee industry.

(5) Roasters and retailers may have two representatives each.

(6) The number of consumer representatives should be increased from 3 to 13 to be elected from co-operative, consumer and employees' societies, canteens of employees and industrial establishments, and associations of hotel proprietors.

(7) The Board thus constituted would comprise 13 producers of whom one will be a curer, 10 representing consumers, 3 traders, 2 members of the Lok Sabha and 1 member of the Rajya Sabha two each representing roasters and retailers, 4 representing labour, 3 whole-time officials of the Board, and the official chairman, in all 41.

CHAPTER II

FINANCE AND DEVELOPMENT

Any scheme of finance for replanting should take into account the extent of area to be replanted. In the annexure is given in respect of certain reporting companies the figures of total percentage of area to be replanted, the percentage of area to be replanted for which land security of yielding trees at the rate of 3 acres per acre of replanting will not be available, the average amount per acre needed for replanting as calculated on the total acreage of the estate, and the available working funds per acre as calculated on the total acreage of the estate, and the percentage net area of replanting for which neither working funds nor land security will be available. As replanting costs work to Rs. 1,500 per acre, as normally loans will be available only to half the value of an acre and that too on the security of areas with trees having economic yields, and as therefore every acre to be replanted will need 3 acres of yielding area to stand as security, the percentage of area to be replanted but cannot be covered by the security of yielding lands has been worked out on this basis. A financially sound estate should have 15% immature plants for purposes of renewal of yielding trees (at the rate of annual replanting 2½% and on the assumption that it takes 6 years for plants to yield). Secondly, this percentage and that of the area of trees with economic yields should at least be threefourths of the total area so that it might stand as security for raising loans for replanting the remaining one fourth area of old uneconomic trees at the rate of Rs. 1,500 per acre. In other words, the maximum area of old trees should not execeed 25% in a normal estate. The proportion of area of other trees of a sound estate should be 64% of trees less than 33 and more than 6 years old, and 11% of immature area of trees of six years and less to renew the latter. This eleven percent is arrived at the rate of 15% of immature plants for 64% of yielding trees. This assessment assumes that these estates over 10 acres were not in a position to use their available working funds for replanting. Such companies holding less than 25% of area under old trees were nil out of 10 companies under Non-Indian managing agencies, nil out of 4 Indian companies, 3 out of 10 Non-Indian proprietary concerns, and 7 out of Indian proprietary concerns.

Finance for replanting.

There were also the own resources of companies to replant. Let us assume that all the available working funds were used for replanting by the companies. These funds amounted to between Rs. 460 and Rs. 600 per acre for reproting companies. As the cost of replanting is about Rs. 1,500 per acre, the working funds when wholly used for this purpose may help replanting of a third of total acreage. In the absence of figures for Proprietary concerns, the same working funds may be taken as available with them too. Assuming that long-term loans will be made available on the security of three units of yielding trees for replanting one unit of acreage, and assuming too that all concerns had enough working funds to replant 33% of their area, even then 4 out of 7 companies under Non-Indian managing agencies, 3 out of 6 Non-Indian Proprietary concerns, and 3 out of 6 Indian Proprietary concerns will not be good enough concerns for replanting all the existing area of old trees. This analysis is just made to show that it is no use to take it for granted that all concerns are credit-worthy according to existing standards of lending to replant all their old areas. According to Commission's figures (Table XXXV), Rupee companies under Non-Indian

managing agencies have to replant 76.2% of its total area. According to Table XXXIII, it could replant with its working funds only 36%. Non-Indian Proprietors too were in a similar position. These concerns cannot replant all the remaining 40% of their area by borrowing on their yielding area of trees planted after 1920 as this area of 24% can stand security only for 8% of area for replanting. These figures too corroborated the same conclusion. This estimate is only of areas of old trees but not of areas which, even though containing trees less than 40 years old, comprised stem-borer affecting trees and poor yielding trees. Only 30% of the area is considered as comprising yielding trees. Better seed strains have not spread more than in 15% of the total area.

The following questions should be borne in mind in any scheme of replanting. Supposing a company or proprietor has neglected replanting to renew his old trees should Government or the consumer go to his rescue? Should such assistance be given to any concern in any industry which has not maintained its fixed assets in order? Assuming that replanting should be enforced on those who have neglected it, are we to do so in respect of the whole old area of uneconomic trees or a certain percentage of limited area over a phased programme ?

Assistance to an industry by raising the price for the consumer and granting it to the grower, or loans or grants by Government from public funds is justifiable only if the management has done its best for replanting. Its distributed profits should generally not be more than what costing by Government Cost Accountants at present allow. The managing agency commission should be reasonable. Costs of production should be economic. The concern should have shown care for replanting and its existing area of immature plants should be one of the tests of good management.

To a consumption industry as coffee, any financial help should ordinarily come from the consumer price. Long-term capital will have to be first allocated by priority to basic industries. Any help to coffee will be limited by the availability of such capital.

What little capital is available should be distributed to those units who though hard-working and economical are unable to progress for want of long-term capital. These are generally the estates of 100 acres and below.

Rehabilitation needs of the small holders have first to be attended to as any help to them will promote a stable rural population.

There was the problem of replanting better yielding and disease-resistant strains in the place of existing trees not necessarily old. This was not a case of neglect of replanting, and long-term capital for this purpose should be provided for any sound concern.

There should be no compulsion to replant all old areas, as there could be no provision too of public funds for this purpose. All companies and concerns will have to undertake a minimum replanting to renew old trees aged less than 40 years. A minimum programme should be to achieve replanting to the extent of 15% of the area comprising trees less than 40 years old. Every estate should join in a phased programme for replanting by economising in costs, dividends, and commission for managing agencies, utilising its existing working funds, and spending the maximum out of future profits. This will need individual assessment by a special staff. The estate will have also to borrow on the security of its own resources.

Certain companies and concerns may need more financial assistance than what they can raise out of their own resources. If they satisfy tests of good management, rules may have to be relaxed in their case and made more liberal, so long as there is the potential security of the growing plant for the loan. Such liberal help can come only from a special finance corporation. Also planned allocation of funds according to priorities on the basis of a development programme

is not possible except through a special Bank integrated with the coffee Board. As already proposed in my dissenting minute on tea, a single rehabilitation mortgage corporation in the south should undertake long-term finance for all plantation industries. (Tea, Rubber, and Coffee).

Where companies or concerns are not financially sound to undertake replanting particularly when they have to replant two-thirds to three-fourths of their estates, and if production can be increased only by assisting such concerns, the funds required will be so substantial that Government participation will become inevitable. This may either take the form of share capital or the floatation of a corporation in which these companies and concerns may merge themselves as shareholders, Government being the major partner. According to the new Industrial policy statement of April 1956 there is no other alternative to this method for financial assistance to the private sector. This policy statement says that "in suitable cases the state may also grant financial assistance to the private sector. Such assistance especially when the amount involved is substantial will preferabley be in the form of participation in equity capital though it may be in part in the form of debenture capital."

The Five Year Plan report has also warned that care caution are necessary that any development programme should not increase existing inequalities and disparities. Normally therefore concerns owning 100 acres and more should do replanting with their own resources and the aid of credit normally available from existing sources.

The Buyer and he Replanting Fund.

As the recommendation on this subject in the tea report has also been repeated for coffee, it becomes necessary to examine it in the following paras. The Commission's report on tea has made a recommendation in respect of buyers of estates that—

"an assessment of the age of bushes and the amount of money required to finance the replanting of the existing bushes as and when they become due for replanting on the basis of 60 years of economic life should be made; and that on this basis of assessment the buyer should be required to credit to the Tea Replanting Fund an amount computed by the Tea Board as necessary for financing the replanting of the existing bushes when become due for replanting. This lump sum contribution to the Replanting Fund by the new buyer of an estate should be prescribed as a condition necessary for his registration in the Tea Board; also in the case of sales of sterling capital estates repatriation of sale proceeds should be permitted by the Reserve Bank of India only after it has ascertained from the Tea Board that the necessary contribution to the Replanting Fund for the estate has been made."

This recommendation unless read along with another might given wrong meaning that every buyer should find the money not only to pay to the seller the purchase price of the estate but also credit the Replanting Fund with an amount computed by the Tea Board as necessary for financing the replanting of the existing bushes when become due for replanting. The urgency of replanting and the possibility of purchase of estates by buyers with inadequate resources to carry out a phased programme of replanting were the reasons for this recommedation. The beneficient reaction of such a recommendation intending to bring down sale price to a just level and deterring speculators from making purchases of land was possibly another reason for the proposal. The recommendation as such might appear too onerous and as hindering purchases by genuine buyers whose resources for replanting might not be enough to satisfy this test. The Commission would certainly not have meant that a buyer should pay the money for replanting of old bushes without a reference to the availability of long-term capital either with him or the Government and the present needs of

replanting with reference to demand. These points are clarified in another recommendation. The proposal of crediting by the buyer to the Replanting Fund the costs for clearing the past arrears in replanting should be therefore read along with the other recommendation which suggests the *modus operanda* in implementing it. According to the Commission report on tea, a phased programme of replanting to clear arrears within a reasonable period of time should be drawn up. Government should take steps to ensure that the necessary financial provision for it is made by various gardens before they declare dividends or repatriate profits. A development staff will supervise the carrying out of the programme. If it is not carried out, the estate may be taken over under the Industries Development and Regulation Act. Penal provisions as in the British Agricultural Act might be applied. Under this recommendation, every estate should make the financial provision for replanting. This being a running liability, the buyer will have to take it over from the seller. Speculative purchases will also be amply prevented when every buyer has to continue a phased programme of replanting. The recommendation in the tea report in this regard should be applied therefore to sales of coffee estates with this proposed modification.

Sale of lands.

I have already proposed that every sale over 100 acres should be permitted by the Tea Board in my dissenting minute on tea. This should apply equally for coffee. The objects in giving a permit are that the sale price may be fixed taking full account of the age of bushes, the new management is approved from the point of view of interest in the industry and resources, the minimum economic size is in no way diminished, and priorities according to the superiority of different types of management are fixed by Government. These can hardly be achieved satisfactorily by an enforcement of a replanting fund on every buyer for financing the replanting of existing bushes when they become due for replanting. In view of the train of serious adverse consequences on the industry by way of over capitalisation and a larger cut into profits to pay dividends and the depletion of resources for maintaining depreciation funds for renewing the fixed assets, including the wasting asset of the tea plant, and meeting essential costs of production, including labour, and the fact that the nation will be faced with the problem of reconstruction of unsound units brought into being at a high purchase price, the extension of the existing rule of scrutiny of sale vailues with a view to approve share capital and debentures issued by companies woth a capital of Rs. 5 lakhs and over for meeting the cost of purchases of estates, to all sales over 100 acres is nothing novel but only an extension of an already existing procedure.

Granting the objectives of preventing sale of land at unfairly excessive prices and by speculative buyers, their implementation by insisting on payment of funds by every buyer for financing the replanting of existing bushes when they become due for repayment cannot be as satisfactory as by the straight method of permit of sales over 100 acres by Government.

Another condition stipulated in respect of land sales is that the seller should pay the capital liabilities in respect of implementing the Plantation Labour Act to the new buyer. This will be workable if the liability is a certain defined sum which will not be left to be decided at the discretion of government officers but be a calculation based on statutory rules.

Summary

Certain concerns had more old trees to replant than what they could afford with their own resources and borrowings. Liberal help by relaxing rules will be necessary in their case. A single rehabilitation mortgage corporation in the south should undertake long-term finance for all plantation industries (Tea, Rubber & Coffee).

When companies or concerns are financially unsound to undertake replanting, particularly when they have to replant two third to three-fourths of their estates, and if production can be increased only by assisting such concerns, the funds required will be so substantial that Government participation will become inevitable. This may either take the form of share capital or the floatation of a corporation in which these companies and concerns may merge themselves as shareholders, Government being the major partner.

Sale of land

3. Mention has been already made that, as exaggerated valuations of estates resulted in a serious train of evil consequences to the industry, the Board should approve of the sale price in sales of estates over 100 acres. The Board will have to give a permit for each sale. In giving such permits the following order of priority pointed out in the Tea Report may be followed:—

(*i*) Producers might join a state-partnered production co-operative. The principle enunciated by the Gorwala Rural credit survey committee for the acquisition of processing factors might be followed. The producers should raise 30% of the capital and government should contribute the remainder. When such societies can be formed, estates for sale should be first offered to them.

(*ii*) Public Limited companies director-controlled are founded on peoples capitalism. If share-holding by a single person is limited to 5% as provided in the Banking Companies Act for Banks, they come near to the co-operatives in their structure. The second preference in transfer of estates should be to those companies, in which no one will hold more than 5% of paid-up share capital.

(*iii*) Where one and two are not feasible, the corporation already proposed for assisting weak companies with funds might purchase the estates sold.

(*iv*) Where 1,2 and 3 are not feasible, any person or institution may buy the estates subject to the approval of sale price by the Board.

Replanting Fund for the future

4. This should be invested in the proposed Plantation Finance Corporation which will release it for replanting with the approval of the Coffee Board. Where more funds are required, this corporation will advance them.

Finance and Purchases

5. The following proposals made in my dissenting minute regarding tea should apply also to coffee regarding estates over 100 acres.

The Government of India should guarantee long-term loans. The law should provide that titles to lands were unambiguously vested in the Plantation Finance Corporation.

Current finance should be distributed as far as possible in kind by integrating it with the proposed supply co-operatives.

The Government should also give a directive to the state bank to immediately provide full crop finance to every producer.

A centralised buying agency is necessary for purchasing and distributing imported coffee machinery similar to the raw cotton commission in the U. K. working under the Cotton Centralised Buying Act, 1947 which has a monopoly of imports and sells it at a price "to further public interest in all respects."

Extensions.

6. (*i*) Extensions for new planting should not be granted for estates over 500 acres except on special grounds of unsuitability of area whose abandonment may reduce the existing area below 500 acres.

(*ii*) The first preference should be given to small holdings to make them economic in size.

(*iii*) Second preference should be given to those who cannot afford to lose their present production and hence are not in a position to uproot bad trees.

(*iv*) Third preference should be given to those holding below 100 acres in unsuitable areas.

(*v*) Fourth preference should be given to the rest, those holding smaller extents getting priority over those having larger extents.

Abolition of managing agencies

7. Elsewhere in the annexure are given extracts showing the working of proprietary concerns and director-controlled companies as compared to rupee companies under Indian and Non-Indian managing agencies. They showed that the latter had less increase in reserves as compared between 1946 and 1953; less working funds in 1953 per acre, less increase in capital formation in 1953 over 1946, and more percentage of aged plants than the former. The Companies under Indian managing agencies distributed 50% out of their profits and incurred more costs than proprietary concerns. Their upkeep charges and commission to managing agencies and directors were high. The Commission report has proposed that the commission paid to managing agencies should be reduced. The average commission on gross profits is about 10% for reporting companies. It does not exceed the maximum provided in the companies Act. When this commission is therefore reduced, it is tantamount to their abolition. They will have to act as secretaries and treasurers. The managing agency system existing in the coffee industry should be therefore abolished.

CHAPTER III

Other Proposals

1. The following proposals made in my disenting minute to the Report on Tea regarding labour, taxation and return for the producer in Tea should also apply to Coffee.

Labour

Small holdings should be exempted from the Minimum Wages Act.

State governments should not issue minimum wage notifications unless the majority of the employees and labour could not come to a decision and requested the government to issue it.

The annual guaranteed wage meant that the employer could not terminate an employee even when he was unable to continue his industry. It raised larger issues and should not apply only to one industry.

(*a*) Medical relief should be part of the Employees' State Insurance Scheme.

(*b*) Maternity benefit and compensation under the Workmen's Compensation Act should be brought under the Employees' State Insurance Scheme.

(*c*) Government should contribute to the expense of group hospitals.

(*d*) Expenditure on housing should be such that rent for its use could be afforded by the workers and staff. Rent should be collected from the latter and the wages may be increased to this extent.

(*e*) Economies could be sought by way of reducing public expenditure on school buildings. A cess should be collected for education from labour. The same may be added to wages. Parents whose children supplement their earnings should get an additional wage to compensate for the loss resulting from withdrawing their children of ages 12 to 14 from employment.

(*f*) Labour should pay a rate for civic services as water supply, sanitation, lighting *etc.*, The same may be added to wages.

(*g*) The proposed welfare organisation should own all constructions and be responsible for welfare, working in co-ordination with the State Employees Insurance Corporation and State governments.

(*h*) Provident funds should form part of life insurance schemes.

(*i*) The free feeding of children during the day should be taken due note of when fixing wages.

(*j*) An all-inclusive wage should be the principle of the wage-structure in order to reduce the dependence of labour on employers for various civic amenities.

(*k*) To drive home the civic responsibility to every citizen, the privilege of labour to pay for housing and civic services should be recognised and given effect to.

(1) Where employers provide amenities, they should be given a rebate by the proposed welfare organisation.

2. Local rates and cesses vary from state to state and should not be levied on estates which paid the welfare rate to the proposed welfare organisation.

Taxation.

Replanting costs should be treated as revenue expenditure.

The eventual object of taxation policy should be to eliminate the distinction between agricultural and non-agricultural income for purposes of taxation.

Revaluation should be for very exceptional reasons. It should in no way affect the powers of income-tax officers to allow depreciation or levy income tax. The excess value should not be adjusted to share capital. Revaluation should be done by the Central Board of revenue or Company Law Administration or Controller of Capital Issues.

Return for the producer.

3. (*a*) Returns for the producer should be based on the following principles. What are fixed assets should be broadly defined so that hospitals, schools and houses built for labour and staff, and which, in industries as mines, are the property of a government welfare organisation, and in certain states are maintained by state governments, may be excluded from fixed assets. Otherwise share capital is increased upto their value and, in the absence of a limit over distribution of total profits, is paid a high dividend thereby entrenching on the proportion of profits to be set apart for reserves.

Secondly their current value and annual value should be fixed. Profits after setting apart 25% to reserves and paying taxes should be distributed in the proportion of this annual value to shareholders, the annual wages of labour to labour, and the annual salaries of staff to the staff.

(*b*) In calculating the annual value of fixed assets, such assets purchased from future reserves should be excluded.

(*c*) After paying taxes and setting apart for reserves, and before distributing the remainder, a minimum dividend not exceeding the interest rate on government loans may be paid in years of profit.

(*d*) There can be no return on reserves as reserves belonged to the industry so long as it existed.

(*e*) Interest on reserves should be calculated as an expense and added to reserves.

Profits after remunerating all interests in an industry belonged to the government. So long as government did not claim it, it might be divided between staff, labour and the shareholders excluding managing agencies who have been already paid a commission out of profits. The profits due to labour and staff in the proportion of their annual contribution (wages and salaries) should be pooled and distributed to labour and staff according to their total earnings which should be related to the output of work. Such pooling should be for each region of approximately similar yields and costs.

A ceiling may be fixed for profit distribution in respect of superior employees. The cash amount distributed to subordinate employees and labour should not exceed their annual salaries. Labour and employees may be paid 25% in cash as proposed by the profit-sharing committee. The balance of 75% shall be funded and invested in a trust to be formed. It may be distributed for specified purposes of non-recurring character as education, marriage, disablement, purchase of a home or land *etc.* The amount should be invested in appropriate government loans and securities.

Annexure I

What the Coffee grower paid and received.

The following table showed what the grower paid and received. (1953-54 Annual report of Coffee Board p. 308). Wholesale price of coffee index nos. (Week ended 19th Aug. 1939 = 100).

Year	*Coffee*	*Food articles*
1947	334	292
1948	546	374
1949	487	389
1950	476	410
1951	567	409
1952	680	359
1953	620	380

As compared to food articles, the increase in coffee wholesale price index over food articles in 1953 (1939 = 100) was 64%. So long as coffee was controlled the wholesale price index was 334. It rose to 546 when it was decentrolled and since then it has only kept on increasing to 620 in 1953. The index of costs of estate requisites did not rise so much in 1953-54, ending June. It was 296 for G. C. sheets, 273 for barbed wire, 292 for cast iron goods, 264 for cement and 253 for ammonium sulphate. While the index of cost of various articles including food purchased by the coffee grower increased between 196 and 280 as compared to that of 1939, the index of price of coffee rose by 520 in 1953. This benefit of a lower price for food articles and industrial requisities and a higher price for coffee gave a larger proportion of the national income for the coffee grower than for other agriculturists.

Annexure II

Statement showing want of resources for replanting

Rupee companies under Non-Indian Managing Companies	*Total area to be replanted* %	*% of replanting area which can not get credit*	*Replanting cost at Rs. 1,500 per acre for area to be replanted evened out per acre.* Rs.	*Working funds per acre in Rs.*	*% of area not replantable after deducting $\frac{1}{3}$ of total area as replantable with working funds*
	(1)	(2)	(3)	(4)	(5)
1	55	38	825		5
2	76	68	1,140		35
3	52	38	780		8
4	100	100	1,500		67
5	12	—	180		—
6	70	63	1,050		30
7	96	95	1,440		62
				460.80	

	(1)	(2)	(3)	(4)	(5)
Non-Indian proprietary concerns					
1	61	53	900		20
2	27	14	405		—
3	96	95	1,440		62
4	64	57	960		24
5	29	2	435		—
6	23	—	345	N.A.	—
Indian Rupee Companies.					
1	43	24	645		—
2	18	1	270	593.82	—
Indian proprietary concerns					
1	20	—	300		—
2	58	48	870		15
3	28	6	420		—
4	40	30	600		—
5	63	56	945		23
6	63	52	945		19
7	—	—	—		—
8	38	15	470		—
9	—	—	—		—

Note:— These figures are worked out from the annexure to the report. Col. 1 have been arrived at as follows. The percentage of area planted before 1920 is the area to be replanted. The percentage of area of trees planted between 1921 and 1943 is given in the annexure. As a good garden should replant $2\frac{1}{2}\%$ of area every year and as it takes 6 years for plants to mature, the immature area to renew the trees aged between 1921-43 should be 15%. This when added to the old area of trees planted before 1920 will give the total area to be replanted. As against this total, the area planted between 1944-53 has been taken as replanted area, and the balance is shown in col. 1 as net area to be replanted. In the absence of figures of immature plants for 6 years only, all plants old from 10 years to 1 year planted between 1944 and 1953 have been taken as replanted area.

Col. 2 is based on the assumption that banks will lend long-term loans only to the extent of Rs. 500 per acre on the supposition that land value is about Rs. 1,000 as shown by our figures. Neither any bank will lend this sum on trees older than 33 years. If these assumptions are granted , the area with economic yields will generally be available as security for raising loans for replantings. The cost of replanting being Rs. 1,500, 3 units of area of economical yields will be required as security for one unit of replanting. On this basis the percentage of area of trees for which no land security will be available is shown in col. 2.

Col. 3 shows the amount that will be needed as calculated on the average per acre of an estate, on the basis of a replanting cost of Rs. 1,500 per acre, for the area to be replanted. To illustrate, if the percentage of area to be replanted

is one third of the total area, then the average amount required per acre is Rs. 500.

Col. 4 gives the available working funds per acre. This is extracted from Table XXXII in the chapter on capital structure.

Col. 5 gives credit on the assumption that every company or concern had a working fund of about Rs. 500 per acre to replant and that it could replant with its funds 33% of its total area. As no figures of working funds are available for proprietary concerns, column 5 assumes the same percentage of funds and finds out the net percentage of area for which neither land security nor working funds will be available.

Annexure III

Facts extracted from the report of the Commission to indicate the high costs, poor resources and assets of rupee companies under managing agencies, as compared to proprietary concerns.

	% of increase in reserves in 1953 over 1946	*Working funds per acre 1953*	*% of area of old plants planted before 1920*
Rupee companies under Non-Indian managing agencies.	127.43	460	62.81
Rupee companies under Indian managing agencies	260 26	593	48.00
Ltd. companies Director Controlled Non-Indian.	160.53	872	—
-do- Indian.	351.27	639	—
Proprietary concerns Indian.	—	—	32.00

"An analysis of net profits per acre in 1953 after providing for taxation shows that it ranged from Rs. 93 per acre to Rs. 263. 6 companies had a profit after tax between Rs. 100 and Rs. 300 per acre, 8 below Rs. 100, and 4 between Rs. 300 and Rs. 600. The percentage of distributed profit to net after tax was over 50%. The percentage of gross profit in all the groups (excluding proprietary) in relation to the value of fixed assets has been therefore very much above the figure considered adequate by the Cost Accountant."

Costs of production	*Total costs per cwt.* 1953 Rs.	*Total costs per cwt.* 1950 Rs.
Rupee companies under managing agencies (Non-Indian and Indian).	144 to 160	102 to 135
Proprietary and partnership. Indian and Non-Indian.	128	91 to 110

"The Non-Indian proprietary concerns showed the lowest costs in 1950

as well as 1953. This was not due to any decrease in expenditure under necessary items which had a direct relation to an increase in the yield."

"Upkeep charges were the lowest for Indian proprietors."

"Commission to managing agencies and directors was big item of expenses for companies under managing agencies. Proprietary concerns incurred little under this head."

(K. G. SIVASWAMY)
Member,
Plantation Inquiry Commission.

ANNEXURES

LIST OF ANNEXURES

Annexure No.

ANNEXURE I.

Statement showing the distribution of number and area of coffee estates according to the sizes, in the different regions.

Size of holdings.	Madras				Mysore			
	No. of Estates.	Acreage			No. of Estates.	Acreage		
		Arabica	Robusta	Total		Arabica	Robusta	Total
1	2	3	4	5	6	7	8	9
Below 5 acres.	15,085	10,887	12,383	23,270	2,843	4,458	1,154	5,612
5— 10 acres.	1,629	5,661	5,294	10,955	677	3,754	544	4,298
10— 25 acres.	1,044	9,748	5,408	15,156	603	7,057	1,051	8,108
25— 50 acres.	341	4,153	2,742	6,895	420	5,842	1,130	6,972
50—100 acres.		5,020	3,099	8,119		9,620	1,520	11,140
100—150 acres.	178	4,878	1,660	6,538	294	9,329	1,504	10,833
150—200 acres.		2,752	1,006	3,758		4,275	619	4,894
200—250 acres.		4,232	1,022	5,254		5,235	1,742	6,977
250 & above.		16,055	4,237	20,292		23,410	8,674	32,084
Unregistered.	N.A.	1,653	38	1,691	N.A.	721	137	858
Total		65,039	36,889	1,01,928		73,701	18,075	91,776

Size of Holdings	Coorg				T. C. State				Other Areas			
	No. of Estates	Acreage			No. of Estates	Acreage			No. of Estates	Acreage		
		Arabica	Robusta	Total		Arabica	Robusta	Total		Arabica	Robusta	Total
10	11	12	13	14	15	16	17	18	19	20	21	22
Below 5 acres.	5,025	3,562	3,126	6,688	1,664	N.A.	N.A.	N.A.	17	21	...	21
5— 10 acres.	425	1,179	1,926	3,105	43	...	14	14	3	11	6	17
10— 25 acres.	364	2,690	3,365	6,055	21	...	...	...	1	5	...	5
25— 50 acres.	141	1,706	1,404	3,110	13	...	...	...	2	60	...	60
50—100 acres.		2,281	1,631	3,912		...	211	211		110	...	110
100—150 acres.		1,528	820	2,348		50	50	100		...	...	...
150—200 acres.	108	1,569	1,309	2,878	9	334	74	408		...	...	...
200—250 acres.		1,100	360	1,460		349	...	349		...	...	...
250 & above.		13,296	7,623	20,919		52	683	735		...	...	...
Unregistered.	...	...	..	...	...	...	...	...	...	...	...	...
Total		28,911	21,564	50,475		...	...			207	6	213

Source :—Cc Board

ANNEXURE II

Statement showing Paid-up Capital and Reserves as on 30-6-'54

A. Sterling Companies.

(Figures in cols. 5 to 8 in '000 Rs.)

Region	No. of Cos.	Planted Acreage	Production (in cwts.)	Paid-up Capital	Reserves	Profit & Loss Account Balance	Grand Total
1	2	3	4	5	6	7	8
Madras	2	963	1,721	6,69	2,85	1,15	10,69
Coorg	1	1,434	11,000	10,31	5,04	1,47	16,82
Total	3	2,397	12,721	17,00	7,89	2,62	27,51

B. Rupee Non-Indian Companies.

Region	No. of Cos.	Planted Acreage	Production (in cwts.)	Paid-up Capital	Reserves	Profit & Loss Account Balance	Grand Total
Madras	9	6,039	18,781	25,50	21,19	7,80	54,49
Mysore	9	3,898	14,956	16,02	6,96	14,92	37,90
T. C. State	1	188	500	65	23	89	1,77
Coorg	2	567	4,238	2,46	1,42	3,98	7,86
Total	21	10,692	38,475	44,63	29,80	27,59	1,02,02

C. Rupee Indian Companies.

Region	No. of Cos.	Planted Acreage	Production (in cwts.)	Paid-up Capital	Reserves	Profit & Loss Account Balance	Grand Total
Madras	24	10,473	29,223	1,10,84	26,22	16,46	1,53,52
Mysore	14	9,085	26,994	65,38	21,75	10,71	97,84
T. C. State	7	2,706	4,744	21,23	9,28	6,09	36,60
Coorg	3	8,168	34,912	78,51	58,11	6,37	1,42,99
Total	48	30,432	95,873	2,75,96	1,15,36	39,63	4,30,95

(Sources : Returns from Estates.)

ANNEXURE II

D. *Table showing, Capital invested, Indian and Non-Indian in Reporting Coffee Companies.*

(Figures in cols. 2 and 10 in '000 Rs.)

Types of Company	Indian			Non-Indian			Total		
	Paid-up Capital	Reserves	Total	Paid-up Capital	Reserves	Total	Paid-up Capital	Reserves	Total
1	2	3	4	5	6	7	8	9	10
Sterling	...	...	...	17,00	10,51	27,51	17,00	10,51	27,51
Rupee Non-Indian	5,36	6,83	12,19	39,27	50,56	89,83	44,63	57,39	1,02,02
Rupee Indian	2,70,44	1,52,04	4,22,48	5,52	2,95	8,47	2,75,96	1,54,99	4,50,95
Total	2,75,80	1,58,87	4,34,67	61,79	64,02	1,25,81	3,37,59	2,22,89	5,60,48

Source : Returns from Estates.

ANNEXURE III

A. Composite balance sheet (for 28 companies under all groups.)

(In '000 Rs.)

Items	1946	1953
1	2	
Liabilities:		
Paid-up Capital	1,39,12 (60.97)	1,85,36 (44.47)
Reserves:		
General	14,04 (6.15)	86,93 (20.86)
Taxation	2,40 (1.05)	5,80 (1.39)
Development	...	1,90 (0.46)
Other Specific	8,53 (3.74)	28,47 (6.83)
P. & L. A/C Balance	26,23 (11.49)	40,28 (9.66)
Total	51,20 (22.43)	1,63,38 (39.20)
Borrowings:		
Banks	26 (0.11)	1,29 (0.31)
Debentures	22,12 (9.69)	17,51 (4.20)
Other Finance	5,42 (2.38)	3,74 (0.90)
Other Liabilities	10,07 (4.42)	45,51 (10.92)
Total	37,87 (16.60)	68,05 (16.33)
Grand Total:	2,28,19 (100)	4,16,79 (100)
Fixed Assets:		
Gross	1,56,94	2,36,20
Depreciation	5,83	28,46
Net Fixed Assets	1,51,11 (66.22)	2,07,74 (49.84)
Floating Assets:		
Stocks & Stores	28,05 (12.29)	95,42 (22.89)
Receivables	10,17 (4.46)	31,60 (7.58)
Investments	12,95 (5.68)	23,89 (5.73)
Cash & Other assets	25,91 (11.35)	58,14 (13.96)
Total Floating Assets	77,08 (33.78)	2,09,05 (50.16)
Grand Total:	2,28,19 (100)	4,16,79 (100)

B. *(For 2 Sterling Companies)*

(In '000 Rs.)

Items	1946	1953
1	2	3
Liabilities:		
Paid-up Capital	12,35 (58.53)	12,35 (36.57)
Reserves:		
General	2,87 (13.60)	5,91 (17.50)
Taxation	60 (2.84)	3,67 (10.87)
Development	...	...
Other Specific	50 (2.37)	94 (2.18)
P. & L. A/C Balance	2,06 (9.76)	1,64 (4.86)
Total	6,03 (28.57)	12,16 (36.01)
Borrowings:		
Banks	...	...
Debentures	...	...
Other Finance	...	...
Other Liabilities	2,72 (12.90)	9,26 (27.42)
Total	2,72 (12.90)	9,26 (27.42)
Grand Total:	21,10 (100)	33,77 (100)
Fixed Assets:		
Gross	8,85	13,40
Depreciation	28	...
Net fixed assets	8,57 (40.62)	13,40 (39.68)
Floating Assets:		
Stocks & Stores	1,04 (4.93)	2,39 (7.09)
Receivables	54 (2.56)	6,38 (18.89)
Investments	5,81 (27.53)	2,96 (8.76)
Cash & Other Assets	5,14 (24.36)	8,64 (25.58)
Total Floating Assets	12,53 (59.38)	20,37 (60.32)
Grand Total:	21,10 (100)	33,77 (100)

C. *(For 8 companies under Non-Indian Managing Agents Control.)*

(In '000' Rs.)

Items	1946	1953
1	2	3
Liabilities:		
Paid-up Capital	9,83 (35.94)	22,95 (39.08)
Reserves:		
General	3,28 (11.99)	13,62 (23.19)
Taxation	1,40 (5.12)	60 (1.02)
Development	...	73 (1.24)
Other Specific	3,35 (12.25)	7,23 (12.31)
P. & L. A/C Balance	5,91 (21.61)	7,67 (13.06)
Total	13,94 (50.97)	29,85 (50.82)
Borrowings:		
Banks	...	...
Debentures	2,15 (7.86)	2,52 (4.29)
Othehr Finance	9 (0.33)	57 (0.97)
Other Liabilites	1,34 (4.90)	2,84 (4.84)
Total	3,58 (13.09)	5,93 (10.10)
Grand Total:	27,35 (100)	58,73 (100)
Fixed Assets:		
Gross	15,56	36,24
Depreciation	1,17	7,60
Net Fixed Assets	14,39 (52.61)	28,64 (48.77)
Floating Assets:		
Stocks & Stores	3,99 (14.59)	14,42 (24.55)
Receivables	1,02 (3.73)	1,85 (3.15)
Investments	2,72 (9.95)	2,12 (3.61)
Cash & Other Assets	5,23 (9.12)	11,70 (19.92)
Total Floating Assets	12,96 (47.39)	30,09 (51.23)
Grand Total:	27,35 (100)	58,73 (100)

D. *(For 12 companies under Indian Managing Agents Control.)*

(In '000 Rs.)

Items	1946	1953
1	2	3
Liabilities:		
Paid-up-Capital	62,32 (66.05)	76,95 (55.64)
Reserves:		
General	2,33 (2.47)	16,14 (11.68)
Taxation	40 (0.42)	1,53 (1.10)
Development	...	1,17 (0.85)
Other Specific	89 (0.94)	10.93 (7.92)
P. & L. A/C Balance	9,01 (9.55)	16,99 (12.29)
Total	12,63 (13.38)	46,76 (33.86)
Borrowings:		
Banks	26 (0.28)	1,29 (0.93)
Debentures	12,47 (13.42)	4,99 (3.61)
Other Finance.	3,62 (3.84)	2,01 (1.45)
Other Liabilities	3,06 (3.23)	6,23 (4.51)
Total	19,41 (20.57)	14,52 (10.50)
Grand Total:	94,36 (100)	1,38,23 (100)
Fixed Assets:		
Gross	72,04	78,00
Depreciation	1,52	3,91
Net Fixed Assets	70,52 (74.73)	74,09 (53.60)
Floating Assets:		
Stocks & Stores	11,23 (11.90)	23,08 (16.70)
Receivables	3,80 (4.03)	9,83 (7.11)
Investments	98 (1.04)	7,63 (5.52)
Cash & Other Assets	7,83 (8.30)	23,60 (17.07)
Total Floating Assets	23,84 (25.27)	64,14 (46.40)
Grand Total :	94,36 (100)	1,38,23 (100)

E. (*For 5 Director Controlled Limited Companies— Non-Indian*)

(In '000 Rs.)

Items	1946	1953
1	2	3
Liabilities:		
Paid-up Capital	4,15 (44.10)	6,66 (31.65)
Reserves:		
General	53 (5.64)	1,26 (5.99)
Taxation	...	...
Development	...	...
Other Specific	29 (3.08)	1,75 (8.32)
P. & L. A/C Balance	4,07 (43.26)	9,73 (46.25)
Total	4,89 (51.98)	12,74 (60.56)
Borrowings:		
Banks	...	...
Debentures	...	...
Other Finance.	6 (0.62)	15 (0.71)
Other Liabilities	31 (3.30)	1,49 (7.08)
Total	37 (3.92)	1,64 (7.79)
Grand Total:	9,41 (100)	21,04 (100)
Fixed Assets:		
Gross	3,57	7,58
Depreciation	33	1,07
Net Fixed Assets	3,24 (34.44)	6,51 (30.94)
Floating Assets:		
Stocks & Stores	1,02 (10.84)	6,60 (31.37)
Receivables	81 (8.60)	27 (1.28)
Investments	1,22 (12.96)	1,92 (9.13)
Cash & Other Assets	3,12 (33.16)	5,74 (27.28)
Total Floating Assets	6,17 (65.56)	14,53 (69.06)
Grand Total:	9,41 (100)	21,04 (100)

F. *(For 1 Director Controlled Public Limited Company—Indian.)*

(In '000 Rs.)

Items	1946	1953
1	2	3
Liabilities:		
Paid-up Capital	50,47 (66.43)	66,45 (40.27)
Reserves:		
General	5,03 (6.62)	50,00 (30.30)
Taxation	...	...
Development	...	...
Other Specific	3,50 (4.61)	7,62 (4.62)
P. & L. A/C Balance	5,18 (6.82)	4,25 (2.58)
Total	13,71 (18.05)	61,87 (37.50)
Borrowings:		
Banks	...	...
Debentures	7,50 (9.87)	10,00 (6.06)
Other Finance	1,65 (2.17)	1,01 (0.60)
Other Liabilities	2,64 (3.48)	25,69 (15.57)
Total	11,79 (15.52)	36,70 (22.23)
Grand Total:	75,97 (100)	1,65,02 (100)
Fixed Assets:		
Gross	56,92	1,00,98
Depreciation	2,53	15,62
Net Fixed Assets	54,39 (71.59)	85,10 (51.57)
Floating Assets:		
Stocks & Stores	10,77 (14.18)	48,93 (29.65)
Receivables	3,99 (5.25)	13,27 (8.04)
Investments	2,23 (2.94)	9,26 (5.61)
Cash & Other Assets	4,59 (6.04)	8,46 (5.13)
Total Floating Assets	21,58 (28.41)	79,92 (48.43)
Grand Total:	75,97 (100)	1,65,02 (100)

Source:—Balance Sheets.
Figures in brackets are percentages.

ANNEXURE III

E. *Statement showing liabilities relating to 27 Coffee Companies.—Contd.*

1953

(Figures in cols. 3 to 14 in Rs. per acre.)

Name Of Companies	Planted Acreage	Paid-up Capital	Reserves					Borrowings					Grand Total
			General	Taxation	Other Specific	P.L. A/c. Balance	Total	Banks	Debentures	Loans and other Finance	Other Liabilities	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
RUPEE COMPANIES DIRECTOR CONTROLLED-NON-INDIAN.													
1	478	355.30	263.25	..	60.28	432.64	756.17	...	...	2.03	86.11	88.14	1,199.61
2	295	457.63	...	...	20.60	745.36	765.96	...	...	...	76.93	76.93	1,300.52
3	134	484.90	...	...	9.20	1,027.94	1,037.14	...	...	...	93.20	93.20	1,615.24
4	351	570.01	...	...	388.83	473.94	862.77	...	...	37.68	41.38	79.06	1,511.84
5	219	438.72	...	...	9.14	1,107.75	1,116.89	...	...	3.63	264.48	268.11	1,823.73
RUPEE COMPANIES DIRECTOR CONTROLLED-INDIAN.													
1	6,761	982.80	739.50	...	112.78	62.79	915.07	...	147.90	15.00	379.89	542.79	2,440.66

Source:—Balance Sheets.

ANNEXURE III

F. *Statement showing Assets per acre of 27 companies.—Contd.*

1953

(Figures in cols. 3 to 16 Rs. per ocre

Name of Company	Planted Acreage	Fixed Assets							Floating Assets					Grand Total	Working funds
		Land	Buildings	Plant & Machinery	Others	Total (Gross)	Depreciation	Not fixed Assets	Stock & Stores	Receivable	Investment	Cash and other Assets	Total Floating Assets		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
RUPEE COMPANIES DIRECTOR CONTROLLED NON-INDIAN															
1	478	186.62	143.76	29.44	17.26	377.08	90.06	287.02	280.41	11.39	117.82	502.96	912.58	1,199.60	825.25
2	295	205.58	178.02	4.26	6.28	394.14	54.86	339.28	643.58	30.44	...	287.22	961.24	1,300.52	884.31
3	134	310.65	118.43	11.67	...	440.75	36.84	403.91	748.88	2.28	...	460.19	1,211.35	1,615.26	1,118.55
4	351	498.75	74.85	25.54	...	599.14	24.74	574.40	321.12	23.66	387.60	205.06	937.44	1,511.84	858.07
5	219	241.95	61.36	43.84	528.05	875.20	154.65	720.55	559.59	15.86	...	527.73	1,103.18	1,823.73	834.37

RUPEE COMPANIES -DIRECTOR CONTROLLED INDIAN.

1	6,761	711.71	560.27	110.09	111.46	1,493.53	234.91	1,258.63	723.66	196.21	137.01	125.15	1,182.03	2,440.66	639.27

Source :—Balance Sheets

ANNEXURE III

G. *Statement showing Assets per acre of 27 companies.*

1953

(Figures in columns 3 to 16 in Rs. per Acre)

Name of Company	Planted Acreage	Fixed Assets							Floating Assets					Grand Total	Working funds
		Land	Buildings	Plant & machinery	Others	Total (Gross)	Depreciation	Not fixed Assets	Stock & Stores	Receivable	Investment	Cash and other Assets	Total Floating Assets		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
STERLING COMPANY															
1	1,410	691.40	...	...	91.46	782.86	110.55	782.86	110.55	441.25	105.06	587.22	1,244.10	2,026.96	656.60
RUPEE COMPANIES UNDER NON-INDIAN MANAGING AGENTS.															
1	371	665.70	765.20	234.76	66.85	1,732.56	534.34	1,198.22	464.51	29.03	0.49	118.42	612.45	1,856.67	468.52
2	620	362.62	178.30	30.56	25.02	596.50	96.37	500.13	44.58	28.12	0.19	75.48	248.37	748.50	127.20
3	2,932	242.79	193.66	55.24	81.35	573.04	136.20	436.84	183.42	32.93	41.83	93.74	351.92	788.76	251.02
4	441	698.62	326.29	17.01	7.22	1,049.14	83.54	965.60	313.14	59.38	65.94	522.83	951.29	1,926.89	830.80
5	188	425.50	493.45	51.90	11.49	982.34	201.98	780.36	608.88	8.78	...	30.93	648.59	1,428.95	444.05
6	235	127.80	253.33	31.89	84.75	498.27	154.09	344.18	771.96	9.97	...	1,769.98	2,551.91	2,896.08	2,392.57
7	349	114.80	179.98	28.94	38.36	362.08	71.81	290.27	566.52	37.38	161.64	398.25	1,163.79	1,454.06	1,081.11
8	107	385.46	112.70	49.04	33.92	581.12	37.59	543.53	106.76	157.79	35.46	124.66	424.67	968.20	348.77

ANNEXURE III

G. *Statement showing Assets per acre of 27 companies*—(*Contd.*)

1953

(Figures in columns 3 to 16 in Rs. per Acre)

RUPEE COMPANIES UNDER INDIAN MANAGING AGENTS.

1	319	608.98	259.11	14.90	8.43	891.42	...	891.42	34.61	284.87	33.31	230.54	553.33	1,444.75	523.90
2	219	1,242.01	161.61	...	18.62	1,422.24	30.89	1,391.34	132.99	13.05	459.84	177.39	783.28	2,174.62	706.61
3	820	922.00	141.58	15.07	27.41	1,106.06	63.60	1,042.46	592.73	208.62	382.63	110.35	1,294.33	2,336.79	1,213.72
4	942	1,175.96	244.10	25.60	21.04	1,466.70	74.60	1,392.10	330.49	34.18	170.28	1,504.22	2,039.17	3,431.27	1,942.61
5	1,899	477.46	101.63	57.04	7.90	544.03	...	644.03	124.46	60.65	36.95	187.42	409.48	1,053.51	361.95
6	169	1,003.87	283.57	114.39	21.79	1,423.62	163.59	1,260.03	131.14	244.93	602.58	414.33	1,392.98	2,653.01	1,274.86
7	703	1,025.98	264.28	46.45	62.18	1,398.89	92.53	1,306.36	290.56	452.56	0.01	96.42	839.55	2,145.91	394.85
8	397	539.88	214.08	112.33	6.21	872.50	137.48	735.02	170.01	80.66	0.76	59.90	311.33	1,046.35	92.91
9	672	356.18	139.55	58.38	24.34	578.45	68.59	509.86	165.89	71.74	6.92	208.63	453.18	963.04	404.37
10	549	915.82	159.63	...	58.48	1,133.93	53.84	1,080.09	670.95	75.20	17.65	80.03	843.82	1,923.91	49.62
11	1,218	526.50	63.26	16.22	2.67	608.65	28.29	580.36	249.43	46.58	...	8.28	304.29	884.65	25.79
12	468	428.96	117.18	9.08	47.80	603.03	10.34	592.68	328.79	8.69	...	10.98	348.46	941.14	...

ANNEXURE III

H. *Statement showing liabilities relating to 27 Coffee Companies.*

1953

(Figures in cols. 3 to 14 in Rs. per acre)

Name Of Companies	Planted Acreage	Paid-up Capital	Reserves					Borrowings					Grand Total
			General	Taxation	Other Specific	P. L. A/c. Balance	Total	Banks	Debentures	Loans and other Finance	Other Liabilities	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
STERLING COMPANY.													
1	1,410	730.93	357.33	246.58	...	104.66	708.58	...	...	...	587.44	587.44	20,2694
RUPEE COMPANIES UNDER NON-INDIAN MANAGING AGENTS.													
1	371	907.26	534.60	0.08	50.04	221.55	806.27	...	...	1.04	142.08	143.12	1,856.65
2	620	283.79	254.70	...	40.26	48.35	343.31	...	40.26	30.80	50.34	121.40	748.50
3	2,932	318.58	139.15	2.02	180.18	47.97	369.32	...	77.27	1.29	22.30	100.86	788.76
4	441	832 59	454.00	...	113.50	397.20	964.70	...	...	9.30	120.30	129.60	1,926.89
5	188	347.40	...	286.87	123.47	466.75	877.09	...	...	...	204.47	204.47	1,428.96
6	235	481.29	1,065.00	...	628.18	564.85	2,258.03	...	...	100.50	56.26	156.76	2,896.08
7	349	732.85	317.77	...	...	322.58	640.35	...	...	3.74	77.12	80.86	1,454.06
8	107	454.41	345.44	..	34.21	58.40	438.05	...	...	46.31	29.43	75.74	968.02

ANNEXURE III

H. *Statement showing liabilities relating to 27 Coffee Companies—(Contd.)*

1953

RUPEE COMPANIES UNDER INDIAN MANAGING AGENTS.

(Figures in cols. 3 to 14 in Rs. per acre)

1	319	651.75	355.50	...	255.84	152.30	763.64	...	1.01	19.30	9.05	29.36	1,444.75
2	219	1,597.17	182.65	...	166.87	150.27	499.79	...	...	6.85	69.81	76.66	2,174.62
3	820	1,647.00	48.80	29.67	227.08	304.12	609.67	...	...	22.09	58.03	80.12	2,336.79
4	942	2,226.00	583.00	...	8.39	513.95	1,105.84	...	..	0.18	99.26	99.44	3,431.28
5	1,889	496.31	198.53	40.47	170.73	99.95	509.68	...	0.48	34.48	12.55	47.51	1,053.50
6	169	1,012.32	799.20	106.80	492.84	124.34	1,105.84	...	26.65	4.93	85.93	117.51	2,653.01
7	703	946.67	165.67	17.62	272.17	298.40	753.86	...	315.81	25.75	103.82	445.38	2,145.91
8	397	453.60	207.90	44.95	10.92	110.60	374.37	...	...	177.13	41.24	218.37	1,046.34
9	672	393.36	...	6.83	373.69	140.87	521.39	...	...	2.72	45.57	48.29	963.03
10	549	1,047.36	227.69	...	4.31	296.44	528.44	54.64	...	...	293.47	348.12	1,923.91
11	1,218	492.60	...	...	...	113.55	113.55	81.22	164.20	12.47	20.61	278.10	884.65
12	468	481.50	...	...	33.06	17.53	50.59	...	150.87	4.90	253.28	409.05	941.14

ANNEXURE IV

Statement showing increase in Assets for 28 companies of all groups.

(Figures in cols. 2 to 4 in '000' Rs.)

Items	1946	1953	Increase 1946–53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets				
Net Assets	1,51,11	2,07,74	56,63	37.48
Floating Assets:				
Stocks & Stores	28,05	95,42	67,37	240.18
Receivables	10,17	31,60	21,43	210.72
Investments	12,95	23,89	10,94	84.48
Cash & other Assets	25,91	58,14	32,23	124.39
Total Floating Assets	77,08	2,09,05	1,31,97	171.21
Grand Total	2,28,19	4,16,79	1,88,60	82.65

A. *(For two sterling companies.)*

Items	1946	1953	Increase 1946–53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets:				
Net Assets	8,57	13,40	4,83	56.36
Floating Assets:				
Stocks & Stores	1,04	2,39	1,35	129.81
Receivable	54	6,38	5,84	1081.48
Investments	5,81	2,96	— 2,85	—49.05
Cash & Other Assets	5,14	8,64	3,50	68.09
Total Floating Assets	12,53	20,37	7,84	62.57
Grand Total	21,10	33,77	12,67	60.05

B. *(For 8 companies under Non-Indian Managing Agents Control.)*

Items	1946	1953	Increase 1946-53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets:				
Net Assets	14,39	28,64	14,25	99.03
Floating Assets:				
Stocks & Stores	3,99	14,42	10,43	261.40
Receivables	1,02	1,85	83	81.37
Investments	2,72	2,12	60	22.06
Cash & Other Assets	5,23	11,70	6,47	123.71
Total Floating Assets	12,96	30,09	17,13	132.18
Grand Total	27,35	58,73	31,38	114.74

C. *(For 12 companies under Indian Managing Agents Control.)*

Items	1946	1953	Increase 1946-53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets:				
Net Assets	70,52	74,09	3,57	5.06
Floating Assets:				
Stocks & Stores	11,23	23,08	11,85	105.52
Receivables	3,80	9,83	6,03	158.68
Investments	98	7,63	6,65	678.57
Cash & Other Assets	7,83	23,60	15,77	201.40
Total Floating Assets	23,84	64,14	40,30	169.04
Grand Total	94,36	1,38,23	43,87	46.49

D. (For 5 Director Controlled Limited Companies—Non-Indian).

Items	1946	1953	Increase 1946–53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets:				
Net Assets	3,24	6,51	3,27	100.92
Floating Assets:				
Stocks & Stores	1,02	6,60	5,58	547.06
Receivables	81	27	—54	– 66.67
Investments	1,22	1,92	70	57.38
Cash & Other Assets	3,12	5,74	2,62	83.97
Total Floating Assets	6,17	14,53	8,36	135.49
Grand Total	9,41	21,04	11,63	123.59

E. (For 1 Director Controlled Public Limited Company—Indian.)

Items	1946	1953	Increase 1946–53	Percentage of 4 to 2
1	2	3	4	5
Fixed assets:				
Net Assets	54,39	85,10	30,71	56.46
Floating Assets:				
Stocks & tores	10,77	48,93	38,16	354.32
Receivables	3,99	13,27	9,28	232.58
Investments	2,23	9,26	7,03	315.25
Cash & Other Assets	4,59	8.46	3,87	84.31
Total Floating Assets	21,58	79,92	58,34	270.34
Grand Total	75,97	1,65,02	89,05	117.22

Source:—Balance Sheets.

ANNEXURE V

A. *Statement showing growth in retained profits of 19 companies (Management-wise analysis.)*

(Figures in cols. 2-6 in '000 Rs.)

Type of Ownership/ Management	No of companies	1950	1951	1952	1953
1	2	3	4	5	6
Sterling Companies	1	11.7	1,14.1	—20.2	17.6
Rupee Companies					
Under Non-Indian Managing Agents control.	5	3,99.4	8,66.5	1,32.4	1,35,3
Under Indian Managing Agents Control.	7	5,08.9	5,85.3	1,02.1	7,66.8
Director Controlled Ltd. Cos. Public Ltd-Indian.	1	14,91.1	9,61.2	11,01.7	7,84.9
Private Ltd. Non-Indian.	5	2,18.4	2,48.1	98.8	48 2
All groups.	19	26,29.5	27,75.2	14,32.8	17,52.8

B. *Statement showing percentage of distributed profit to net profit after taxation of 19 companies.*

(In Percentage)

Type of Ownership/ Management	No. of Companies	1950	1951	1952	1953
1	2	3	4	5	6
Sterling Companies	1	87.9	48.5	100.0	86.5
Rupee Companies					
Under Non-Indian Managing Agents Control	5	37.4	29.5	64.5	74.8
Under Indian Managing Agents Control	7	48.3	35.3	84.3	35.7
Director Controlled Ltd. companies. Public Ltd.-Indian	1	33.6	50.9	42.9	54.6
Private Ltd. Non-Indian.	5	36.1	44.0	71.4	71.6
All groups.	19	38.8	41.3	57.9	53

(Source:—Balance Sheets.)

ANNEXURE VI

Statement showing quantity and value of manures supplied to coffee estates by manure mixing firms during the three years 1952-54

Year	Manure supplied	
	Quantity (in tons)	Value (in thousand Rs.)
1	2	3
1952	15,132 (43.5)	58,67
1953	16,205 (39.2)	59,92
1954	22,885 (41.1)	77,27

Figures in brackets indicate the approximate percentages of imported manures.

Source : Returns from approved distributing firms.

ANNEXURE VII.

A. *Statement showing New Planting, Replanting and Area abandoned in different regions during the ten years ending 1953*

(Figures in cols. 2 to 7 in acres)

Region	Reported Acreage	New Planting on		Replanting	Total (3,4 and 5)	Acreage abandoned
		Virgin Land	Reclaimed Land			
1	2	3	4	5	6	7
Madras	9,943	1,074 (10.80)	318 (3.20)	723 (7.27)	2,115 (21.27)	143 (1.44)
Mysore	7,674	211 (2.75)	480 (6.25)	742 (9.67)	1,433 (18.67)	133 (1.73)
Coorg	4,376	294 (1.73)	198 (4.52)	273 (6.24)	765 (12.49)	156 (3.56)
Total	21,993	1,579 (7.18)	996 (4.53)	1,738 (7.90)	4,313 (19.61)	432 (1.96)

Note: Figures in brackets are percentages of reported acreage.
Source: Replies to Questionnaire from reporting estates.

ANNEXURE VII

B. *Statement showing ages of coffee plants.*
(Management-wise)

(Columns 2 to 7 in acres)

Type of Ownership/Management.	Reported Acreage	Acreage Planted				
		Before the year 1900	Between 1900 and 1910	Between 1910 and 1920	Between 1920 and 1930	After 1930
1	2	3	4	5	6	7
1. *Sterling Companies*	842	...	421 (50.00)	67 (7.96)	25 (2.96)	329 (39.08)
2. *Rupee Companies* Under Non-Indian Managing Agents	6,681	2,977 (44.56)	638 (10.30)	531 (7.95)	397 (5.94)	2,088 (31.25)
Under Indian Managing Agents	1,218	...	171 (14.03)	411 (33.75)	164 (13.46)	472 (38.76)
Director Controlled Private Limited-Indian	645	...	187 (29.00)	429 (66.51)	...	29 (4.49)
3 *Pr prietary and Partnership Concerns* Indian	5,057	985 (19.47)	265 (5.25)	385 (7.61)	1,023 (20.23)	2,399 (47.44)
Non-Indian	5.377	1,926 (35.81)	124 (2.30)	536 (10.89)	1,011 (18.80)	1,730 (32.20)
Total	19,820	5,888 (29.71)	1,856 (9.36)	2,409 (12.15)	2,620 (13.22)	7,047 (35.56)

Note:—Figures in brackets are percentages of reported acreage.
Source: Replies to Questionnaire

ANNEXURE VII

C. *Statement showing ages of coffee plants.*
(Region-wise)

(Columns 2 to 7 in acres.)

Name of Region	Reported Acreage	Acreage Planted				
		Before the year 1900	Between 1900 and 1910	Between 1910 and 1920	Between 1920 and 1930	After 1930
1	2	3	4	5	6	7
Madras	10,010	2,808 (28.05)	1,319 (13.17)	1,171 (11.70)	987 (9.86)	3,725 (37.22)
Mysore	4,637	2,036 (43.9)	356 (7.68)	712 (15.35)	638 (13.75)	895 (19.32)
Coorg	4,985	1,044 (20.95)	181 (3.64)	526 (10.55)	995 (19.95)	2,239 (44.91)
Travancore-Cochin	188	...	...	...	...	188 (100)
Total	19,820	5,888 (29.72)	1,856 (9.36)	2,409 (12.14)	2,620 (13.22)	7,047 (35.56)

Note: Figures in brackets indicate percentages of reported acreage.
Source: Replies to Questionnaire.

ANNEXURE VII

D. *Statement showing region-wise figures for common companies who have furnished information in respect of both Age of plants and New Planting, Replanting etc.*

(Figures in cols. 2 to 12 in acres).

REGION	Planted Acreage	Acreage Planted					Acreage of New Planting on		Acreage Replanted	Total (8+9+10)	Acreage abandon-ed
		Before 1900	Between 1900 & '10	Between 1910 & '20	Between 1920 & '30	After 1930	Virgin Jungle	Reclaimed land			
1	2	3	4	5	6	7	8	9	10	11	12
Madras	7,335	2,775 (37.84)	1,064 (14.50)	776 (10.58)	683 (9.32)	2,037 (27.76)	566 (7.73)	160 (2.18)	632 (8.60)	1,358 (18.51)	120 (1.64)
Mysore	2,896	1,511 (52.17)	295 (10.19)	323 (11.15)	227 (7.84)	540 (18.65)	36 (1.24)	112 (3.87)	368 (12.71)	516 (17.82)	59 (2.04)
Coorg	1,983	506 (25.51)	181 (9.13)	220 (11.09)	247 (12.46)	829 (41.81)	41 (2.07)	79 (3.98)	80 (4.30)	200 (10.08)	...
All India	12,214	4,792 (39.23)	1,540 (12.61)	1,319 (10.80)	1,157 (9.48)	3,406 (27.88)	643 (5.26)	351 (2.87)	1,080 (8.84)	2,074 (16.97)	179 (1.47)

Note: Figures in brackets are percentages to planted acreage.
Source : Returns from estates.

ANNEXURE VII

E. *Statement showing management-wise figures for common companies who have furnished information in respect of both Age of Plants and New Planting, Replanting etc.*

(Figures in cols. 2 to 12 in acres).

Type of Ownership/Management	Planted Acreage	Acreage Planting					Acreage of New Planting on		Acreage Replanted	Total (8+9+10)	Acreage abandoned
		Before 1900	Between 1900 & '10	Between 1910 & '20	Between 1920 & '30	After 1930	Virgin jungle	Reclaimed land			
1	2	3	4	5	6	7	8	9	10	11	12
1. *Sterling Companies*	842	...	421 (50.00)	67 (8.00)	25 (3.00)	329 (39.00)	142 (16.90)	145 (17.26)	...	287	...
2. *Rupee Companies* Under Non-Indian Managing Agents	348	52 (15.00)	52 (15.00)	70 (20.00)	70 (20.00)	104 (30.00)	6 (1.72)	...	...	6	...
Partly Indian & Partly Non-Indian	5,098	2,765 (54.25)	575 (11.28)	447 (8.75)	287 (5.63)	1,024 (20.09)	45 (0.88)	106 (2.08)	504 (9.89)	655 (12.85)	120 (2.35)
Under Indian Managing Agents	1,218	...	171 (14.04)	411 (33.74)	164 (13.46)	472 (38.76)	15 (1.23)	...	291 (23.89)	306 (25.12)	...
3. *Proprietary & Partnership Concerns* Indian	2,238	414 (18.50)	197 (8.80)	272 (12.15)	397 (17.74)	958 (42.81)	413 (18.45)	79 (3.53)	80 (3.57)	572 (25.55)	...
Non-Indian	2,470	1,561 (63.20)	124 (5.02)	52 (2.11)	214 (8.66)	519 (21.01)	22 (0.89)	21 (0.85)	205 (8.30)	248 (10.04)	59 (2.39)
All Groups	12,214	4,792 (39.23)	1,540 (12.61)	1,319 (10.80)	1.157 (9.43)	3,406 (27.88)	643 (5.26)	351 (2.87)	1,080 (8.84)	2,074 (16.97)	179 (1.47)

Note : Figures in brackets are percentages to Planted acreage. Source : Returns from estates.

ANNEXURE VII

F. *Table showing ages of coffee plants-estate-wise/management-wise.*

Name of Company	Acreage	Percentage of area planted					Percentage of Area to be replanted after providing for immature plants at the rate of 2½% for 6 years.
		Before 1900	1900-1910	1911-1920	1921-1943	1944-1945	
1	2	3	4	5	6	7	8*
Sterling and Non-Indian Companies:							
1.	842	...	53	8	5	34	42
2.	348	15	15	20	48	2	63
3.	539	37	25	22	15	10	89
4.	620	17	36	4	33	10	62
5.	217	...	100	...	...	...	115
6.	608	...	...	50	10	40	25
7.	2,932	78	...	...	12	10	83
8.	182	96	...	...	4	...	...
Non-Indian Proprietary Concerns:							
1.	446	80	...	...	...	20	75
2.	160	35	15	12	3	35	42
3.	785	98	...	...	...	2	111
4.	500	60	20	...	4	16	81
5.	250	20	...	...	78	2	33
6.	329	...	...	10	90	...	25

ANNEXURE VII (*Contd.*)

Name of Company	Acreage	Percentage of area planted					Percentage of Area to be replanted after providing for immature plants at the rate of 2½% for 6 years.
		Before 1990	1900-1910	1911-1920	1921-1943	1944-1945	
1	2	3	4	5	6	7	8*
Indian Companies:							
1.	397	...	43	...	50	7	51
2.	821	...	...	50	16	34	31
Indian Proprietors:							
1.	200	40	...	...	35	25	30
2.	412	25	25	20	16	14	71
3.	145	...	15	20	51	14	36
4.	200	70	...	...	...	30	55
5.	137	80	...	...	3	17	78
6.	162	66	...	...	27	7	74
7.	606	...	8	20	37	35	8
8.	199	5	10	15	68	2	43
9.	377	...	...	1	55	44	28 excess replanting

*Column 8 has been prepared as follows:—
As a good estate should normally contain 15% of immatu e plant of the basis that 2½% of the area was replanted on the average to renew the trees which yielded very low after 40 years, this is taken account of in deciding the area to be replan ed. The percentage mentioned in column 8 relates to young plants. This is taken as percentage of immature plants. Where it is more than 15%, credit is given for excess replanting or replanting and is deducted from the percentage of aged trees planted before 1920 *i. e.*, columns 3+4+5, where it is less than 15%, the percentage of deficiency has been added to 3+4+5.

ANNEXURE VII

G. *Statement showing new planting, replanting and area abandoned in different regions during the 10 years ending 1953 (Estate-wise)*

I. Sterling and non-Indian Companies: (Figures in cols. 2 to 7 in acres).

Companies	Reported Area	New Planting on Virgin land	New Planting on Reclaimed land	Replanting	Total (3+4+5)	Area abandoned
1	2	3	4	5	6	7
A	332	13	29	...	42	...
B	842	142	145	...	287	...
C	348	6	...	...	6	...
D	217	...	...	...	...	106
E	441	50	9	...	59	24
F	539	45	10	1	56	...
G	182	...	...	...	...	3
H	2,932	...	...	289	289	...
I	371	101	...	..	101	...
J	620	...	...	64	64	10
K	107	...	...	21	21	...
L	608	...	96	150	246	...
M	220	10	...	...	10	...
Total	7,759	367	289	525	1,181	143

I I. Non-Indian Proprietary:

Companies	Reported Area	New Planting on Virgin land	New Planting on Reclaimed land	Replanting	Total (3+4+5)	Area abandoned
1	2	3	4	5	6	7
A	220	12	10	15	37	...
B	210	...	10	20	30	...
C	!45	5	95	...	100	...
D	329	...	...	...	...	...
E	188	15	...	...	15	...
F	145	...	...	140	140	156
G	390	...	40	...	40	...
H	260	...	80	...	80	...
I	250	1	5	...	6	...
J	785	15	...	...	15	...
K	160	...	16	40	56	55
L	780	...	...	63	63	57
M	446	...	...	90	90	...
N	238	8	...	...	8	...
O	500	6	...	75	81	3
Total	5,046	62	256	440	761	271

III. Indian Companies

Companies	Reported Area	New Planting on		Replanting	Total (3+4+5)	Area abandoned
		Virgin land	Reclaimed land			
1	2	3	4	5	6	7
A	397	15	...	13	28	...
B	1,251	27	...	160	187	...
C	821	...	...	278	278	...
D	340	79	...	...	79	...
E	132	32	...	...	32	...
Total	2,941	153	...	451	604	...

IV. Indian Proprietary

1	2	3	4	5	6	7
A	218	...	138	39	177	...
B	284	...	130	...	130	...
C	200	...	50	...	50	...
D	220	10	...	50	60	...
E	313	20	...	20	40	...
F	285	...	50	2	52	...
G	275	66	...	1	67	...
H	475	12	...	18	30	...

IV .Indian Proprietary: (*Contd*:

Companies	Reported Area	New Planting on Virgin land	New Planting on Reclaimed land	Replanting	Total (3+4+5)	Area abandoned
1	2	3	4	5	6	7
I	412	22	...	60	82	...
J	205	15	20	...	35	...
K	184	127	...	...	127	...
L	93	3	...	28	31	...
M	275	5	...	25	30	...
N	96	5	...	...	5	...
O	145	...	...	20	20	...
P	200	60	...	...	60	...
Q	137	...	24	...	24	...
R	162	12	...	...	12	...
S	427	120	34	30	184	...
T	240	30	...	...	30	...
U	606	211	...	...	211	...
V	114	81	...	26	107	...
W	100	30	...	...	30	...
X	199	...	5	...	5	...
Y	377	168	...	...	168	...
Total	6,247	997	451	319	1,767	

ANNEXURE VIII.

A. *Cost of new planting one acre of coffee on virgin jungle and tending for five years.*

(Analysis by number of returns)
1944

Cost in Rs.	Madras	T.C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0 - 499	...	...	...	...	...
500—999	...	...	2	...	2
1000 & above	...	..	...	..	...
Total number of returns.	...	...	2	...	2

Cost of new planting one acre of coffee on virgin jungle and tending for five years.

(Analysis by number of returns)
1948

Cost in Rs.	Madras	T.C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0 – 499	...	...	...	...	..
500 – 999	1	...	4	1	6
1000 —1499	1	...	1	1	3
1500 —1999	1	...	5	1	7
2000—2499	2	..	1	...	3
2500—2999	...	...	1	...	1
3000—3499	...	...	...	1	1
3500 & above	...	...	...	...	...
Total number of returns.	5	...	12	4	21

Source: Replies to Questionniare.

Estimated present cost of new planting one acre with coffee on virgin jungle and tending for five years.

(Analysis by number of returns)

Cost in Rs.	Madras	T.C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0— 499	...	...	...	1	1
500— 999	...	...	2	...	2
1000—1499	...	...	3	2	5
1500—1999	4	...	6	1	11
2000—2499	...	...	3	2	5
2500—2999	2	...	2	3	7
3000—3499	2	...	...	1	3
3500—3999	...	...	...	1	1
4000—4499	...	...	1	1	2
4500—4999	...	...	...	1	1
5000 & above	...	...	...	...	...
Total number of returns	8	...	17	13	38

Source: Replies to Questionnaire.

B. *Cost of new planting one acre of coffee on Reclaimed land and tending for five years.*

(Analysis by number of returns)
1944

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	...	2	...	2
500—999	...	...	...	1	1
1000 & above	...	...	...	...	...
Total number of returns	...	...	2	1	3

Cost of new planting one acre of coffee on reclaimed land and tending for five years

(Analysis by number of returns)
1948

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	...	2	...	2
500—999	1	...	1	1	3
1000—1499	2	...	1	3	6
1500—1999	...	...	2	...	2
2000—2499	...	...	...	1	1
2500 & above	...	...	...	...	...
Total number of returns	3	...	6	5	14

Source : Replies to Questionnaire.

Estimated present cost of new planting one acre of coffee on reclaimed land and tending for five years

(Analysis by number of returns.)

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	...	1	...	1
500—999	...	...	...	1	1
1000—1499	1	...	...	1	2
1500—1999	3	...	3	2	8
2000—2499	...	...	...	...	...
2500—2999	...	...	1	...	1
3000—3499	3	...	...	1	4
3500—3999	1	...	1	1	3
4000 & above	...	...	...	...	...
Total number of returns	8	...	6	6	20

Source : Replies to Questionnaire.

C. *Cost of replanting one acre of coffee and tending for five years.*

(Analysis by number of returns)
1944

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	...	1	...	1
500—999	...	...	...	...	...
1000—1499	...	...	1	...	1
1500—1999	1	...	...	...	1
2000 & above	...	...	...	...	...
Total number of returns	1	...	2	...	3

Cost of replanting one acre of coffee and tending for five years.

(Analysis by number of returns.)
1948

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	..	2	...	2
500—999	...	...	1	...	1
1000—1499	1	...	5	...	6
1500—1999	2	...	4	2	8
2000—2499	...	...	1	...	1
2500—2999	...	...	...	1	1
3000 & above	...	...	...	...	...
Total number of returns	3	...	13	3	19

Source : Replies to Questionnaire.

Estimated present cost of replanting one acre of coffee and tending for five years.

(Analysis by number of returns)

Cost in Rs.	Madras	T. C. State	Mysore	Coorg	All-India
1	2	3	4	5	6
0—499	...	...	1	...	1
500—999	...	...	5	2	7
1000—1499	2	...	8	3	13
1500—1999	2	...	11	4	17
2000—2499	3	...	2	1	6
2500—2999	2	...	1	...	3
3000—3499	3	...	...	6	9
3500—3999	2	...	...	1	3
4000—4499	...	...	...	...	...
4500—4999	1	...	...	1	2
5000 & above	...	...	...	...	...
Total number of returns	15	...	28	18	61

Source : Replies to Questionnaire.

ANNEXURE IX

Statement showing the percentage of coffee converted into parchment and cherry in the reporting estates.

Name of Company	ARABICA		ROBUSTA	
	% of coffee made into		% of coffee made into	
	Plantation	Cherry	Plantation	Cherry
1	2	3	4	5
Sterling:				
1.	96	4	...	...
Rupee Non-Indian:				
2.	91	9	42	58
3.	21	79	...	...
4.	87	13	...	...
Indian Proprietary				
5.	90	10	...	...
6.	82	18	...	...
7.	80	20	...	...
Non-Indian Proprietary				
8.	63	37	...	100
9.	73	27	...	100
10.	77	23	...	100
11.	71	29	...	...
12.	60	40	...	...
13.	69	31	...	...
14.	67	33	...	...
15.	95	5	...	...
16.	95	5	12	88
17.	89	11	...	...
18.	96	4	...	...
19.	79	21	...	...
20.	80	20	...	...
21.	65	35	...	...
22.	52	48	...	...

Source : Returns from estates.

ANNEXURE X

Statement showing the quantities of coffee cured by major Curing concerns during the period 1942/43 to 1953/54

(Figures in columns 2 to 5 in tons.)

Year	Quantity of coffee cured			
	Arabica Parchment	Arabica Cherry and Estate Pounded	Robusta Cherry and Estate Pounded	Total
1	2	3	4	5
1942/1943	4,224	1,386¼	980	6,590¼
1943/1944	6,347¾	4,187¾	3,094	13,623½
1944/1945	6,820¾	5,356¼	3,608¼	15,785¼
1945/1946	10,384¾	5,925½	5,720	22,030¼
1946/1947	6,014¼	4,412¾	2,986	13,413
1947/1948	3,539¾	2,149½	8,188½	13,877¾
1948/1949	10,411¾	6,195¾	3,220¾	19,828¼
1949/1950*	7,862	3,323½	7,536†	18,721½
1950/1951*	9,403¼	4,458¾	3,096†	16,958
1951/1952*	8,806	4,114	6,481†	19,401
1952/1953*	8,323¾	3,405	10,330¾†	22,059½
1953/1954*	14,852¾	6.316¼	6,226¾†	27,395¾

* Figures relate to A and B Class Pool Agents only and are rounded to the nearest ¼th of a ton.

†Inclusive of Robusta Parchment also.

Source : Coffee Board.

ANNEXURE XI

I *Statement showing cost of production of Arabica coffee in various regions*

Region	For Reported estates			Cost in Rs. per cwt.					
	Acreage	Production for the year (in cwts.)	6 yearly average Production (cwts)	Cultivation (A)	Gathering crop (B)	General charges (C)	Total cost of Production	Commission to managing agents	Cost of production excluding commission to managing agents
1	2	3	4	5	6	7	8	9	10
				1950					
Madras	11,442	22,124	24,656	38.70	18.90	65.49	123.09	6·33	116.76
Mysore	5,691	13,441	13,858	36.18	16.33	46.25	98.81	4.79	94.02
Coorg	5,623	26,158	24,156	50.61	16.61	41.90	109.12	1.99	107.13
T. C. State	161	734	407	26.75	11.89	61.61	100.25	14.86	85.39
All India	22,917	62,457	63,077	43.33	17.31	42.32	102.26	3.55	98.71
				1951					
Madras	11,378	36,135	26,212	50.09	17.47	68.00	135.56	9.39	126.17
Mysore	6,761	16,223	15,314	48.49	16.85	51.88	117.22	4.71	112.51
Coorg	5,993	32,045	26,022	59.59	16.86	51.08	127.53	2.94	124.59
T. C. State	161	335	433	22.23	12.65	72.34	107.22	25.10	82.12
All India	24,298	84,738	67,981	53.17	17.10	57.90	128.17	5.97	122.20

ANNEXURE XI

I *Statement showing cost of production of Arabica coffee in various regions—(Contd.)*

					1952				
Madras	11,581	18,417	24,671	56.55	20.79	63.24	145.58	4.52	141.6
Mysore	6,720	16,947	15,263	68.80	18.25	58.60	145.65	5.80	139.85
Coorg	6,303	30,681	29,855	70.09	16.84	54.71	141.64	2.96	138.68
T. C. State	187	670	594	67.74	9.77	84.31	161.82	14.53	147.29
All India	24,791	66,718	70,383	55.06	18.21	60.54	133.81	4.21	129.60
					1953				
Madras	11,885	36,702	27,596	68.38	21.34	55.50	145.22	5.91	139.31
Mysore	6,691	18,244	15,379	72.71	19.42	55.76	147.89	4.69	143.20
Coorg	6,309	43,839	33,425	68.39	17.85	53.35	139.59	3.46	136.13
T. C. State	187	495	646	81.64	15.40	82.09	179.13	12.19	166.94
All India	25,172	99,280	77,046	69.35	19.41	54.83	143.59	4.65	138.94

Source : Returns from estates.

ANNEXURE XI

I. Statement showing item-wise cost of production of Arabica coffee in various regions.

I (i) Planted acreage

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	11,442	11,378	11,581	11,885
Mysore	5,691	6,761	6,720	6,691
Coorg	5,623	5,998	6,303	6,309
T. C. State	161	161	187	187
All-India	22,917	24,298	24,791	25,172

I (ii) Production for the year

(in cwts.)

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	22,124	36,135	18,417	36,702
Mysore	13,441	16,223	16,947	18,244
Coorg	26,158	32,045	30,684	43,839
T. C. State	734	335	670	495
All-India	62,457	84,738	66,718	99,280

I (iii) Average crop during the last six years ending with current year.

(in cwts.)

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	24,656	26,212	24,671	27,596
Mysore	13,858	15,314	15,263	15,379
Coorg	24,156	26,022	29,855	33,425
T. C. State	407	433	594	646
All-India	63,077	67,981	70,383	77,046

I (iv) A. 1. General Field Works

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	16.76	19.18	23.05	24.86	48.33
Mysore	17.30	21.35	23.23	25.40	46.82
Coorg	14.19	16.48	21.28	15.91	12.12
T. C. State	25.84	21.45	30.98	40.28	55.88
All-India	15.96	18.75	22.41	21.21	32.89

I (v) A. 2. Filling in vacancies

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.08	2.29	5.18	5.83	180.29
Mysore	1.65	2.08	2.42	3.34	102.42
Coorg	5.67	5.10	5.28	5.02	-11.46
T. C. State	0.51	...	0.16	2.65	419.61
All-India	3.35	3.57	4.58	4.95	47·77

I (vi) A. 3. Manuring

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	10.31	16.81	14.44	21.07	104.36
Mysore	9.36	14.74	26.68	25.52	172.65
Coorg	16.31	21.84	25.75	27.27	67.18
T. C. State	...	...	36.12	37.36	...
All-India	12.33	18.16	22.08	24.79	101.05

I (vii) A. 4. Spraying and dusting

(In Rs. per cwts.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	7.17	7.23	10.17	12.17	69.74
Mysore	7.33	9.28	14.38	15.28	108.46
Coorg	12.89	14.54	15.69	17.97	39.41
T. C. State	0.40	0.78	0.07	...	-100.00
All-India	9.35	10.44	13.34	15.20	62.57

I (viii) A. 5. Other pest control measures

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.38	3.88	3.71	4.45	86.97
Mysore	0.54	1.04	2.09	3.17	487.04
Coorg	1.55	1.63	2.11	2.22	43.23
T. C. State	...	...	0.41	1.35	...
All-India	1.64	2.35	2.65	3.20	95.12

I (ix) Total Cultivation

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	38.70	50.09	56.55	68.38	76.69
Mysore	36.18	48.49	68.80	72.71	100.97
Coorg	50.61	59.59	70.09	68.39	35.13
T. C. State	14.82	28.73	60.09	106.55	618.96
All India	42.63	53.17	55.06	69.35	62.68

I (x) B. 6. Wages for gathering

(In Rs. per cwts.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	10.11	9.20	11.58	13.09	29.47
Mysore	7.75	7.66	9.42	10.47	35.10
Coorg	8.68	8.34	8.82	9.33	7.49
T. C. State	...	...	...	...	...
All-India	8.88	8.54	9.65	10.88	22.52

I (xi) B. 7. Other crop gathering charges

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.86	0.68	0.99	0.78	-9.30
Mysore	0.92	1.23	1.31	1.20	30.43
Coorg	1.48	1.66	1.52	1.54	4.05
T. C. State	...	...	...	...	...
All-India	1.12	1.16	1.30	1.19	6.25

I (xii) B. 8. Estate processing

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.52	1.96	2.66	2.29	-9.13
Mysore	1.40	1.68	1.88	1.83	30.71
Coorg	1.47	1.33	1.13	1.09	-25.85
T. C. State	...	...	...	...	...
All-India	1.81	1.66	1.73	1.66	-8.29

I (xiii) B. 9. Transport to curing works

(In Rs. per cwts.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.41	2.39	2.30	1.91	–20.75
Mysore	2.61	2.14	2.08	2.30	–11.88
Coorg	1.79	1.94	2.09	2.05	14.53
T. C. State	11.72	12.34	9.77	15.50	32.25
All-India	2.30	2.21	2.22	2.11	–8.26

I (xiv) B. 10. Curing charges

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.00	3.24	3.26	3.27	9.00
Mysore	3.70	4.14	3.56	3.62	–2.16
Coorg	3.19	3.59	3.28	3.84	2.04
T. C. State	0.11	0.31	...	...	–100.00
All-India	3.20	3.53	3.31	3.57	11.56

I (xv) Total charges for gathering and processing crop

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	18.90	17.47	20.79	21.34	12.91
Mysore	16.38	16.85	18.25	19.42	18.56
Coorg	16.61	16.86	16.84	17.85	7.47
T. C. State	11.89	12.65	9.77	15.40	29.52
All-India	17.31	17.10	18.21	19.41	12.13

I (xvi) C. 11. Upkeep of buildings

(in Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.70	4.06	5.88	5.39	45.68
Mysore	4.13	5.76	6.46	7.15	73.12
Coorg	7.14	9.88	11.18	11.10	55.46
T. C. State	3.52	5.21	5.03	6.31	79.26
All-India	4.15	6.68	8.25	8.23	98.31

I (xvii) C. 12. Depreciation

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	5.68	4.28	4.80	5.99	5.46
Mysore	2.40	3.79	3.51	4.22	75.83
Coorg	5.93	8.03	8.66	8.29	39.80
T. C. State	5.80	4.36	12.30	11.65	100.86
All-India	4.11	5.59	6.23	6.68	62.53

I (xviii) C. 13 (a) Recruiting expenses

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.57	1.63	1.54	1.90	21.02
Mysore	0.76	0.85	1.02	0.89	17.11
Coorg	1.60	1.39	1.72	1.60	...
T. C. State	...	...	...	...	...
All-India	1.13	1.35	1.49	1.55	37.17

I (xix) C. 13 (b) Medical benefits

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	4.12	4.45	6.05	5.73	39.08
Mysore	1.36	1.60	1.93	2.10	54.41
Coorg	2.83	2.88	3.20	2.91	2.83
T. C. State	2.01	2.65	5.14	9.68	381.60
All-India	2.43	3.20	3.94	3.81	56.79

I (xx) C. 13 (c) Other labour benefits

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	21.10	20.17	19.16	5.13	–75.69
Mysore	7.67	9.13	8.33	6.54	–14.73
Coorg	1.70	2.25	2.33	1.71	0.59
T. C. State	4.76	2.69	2.20	7.58	59.24
All-India	8.59	10.71	9.52	3.95	–54.02

I (xxi) C. 14 (a) Bonus to staff

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.83	0.93	0.54	0.97	16.87
Mysore	3.15	3.62	3.99	4.02	27.62
Coorg	0.82	1.56	1.06	1.48	80.49
T. C. State	1.51	2.13	0.42	3.03	100.66
All-India	1.09	1.78	1.51	1.82	66.97

I (xxii) C. 14 (b) Commission to managers & other senior staff

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.02	4.23	0.61	1.50	–25.74
Mysore	3.74	3.75	3.67	3.19	–14.71
Coorg	1.67	2.39	2.53	2.82	68.86
T. C. State	...	2.51	1.06	...	...
All-India	1.82	3.41	2.09	2.40	31.87

I (xxiii) C. 14 (c) Commission to Managing Director or Agents & Agency allowance

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	4.31	5.16	3.91	4.41	2.32
Mysore	1.05	0.96	2.13	1.50	42.86
Coorg	0.32	0.55	0.43	0.64	100.00
T. C. State	14.86	22.59	13.47	12.19	–17.97
All-India	1.73	2.56	2.12	2.25	30.06

I (xxiv) C. 15. Bonus to labour

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.19	3.94	4.31	3.91	22.57
Mysore	2.23	3.14	2.49	1.56	-30.04
Coorg	0.66	1.08	1.25	1.23	86.36
T. C. State	..	...	3.26	4.16	...
All-India	1.61	2.64	2.61	2.28	41.62

I (xxv) C. 16 (a) Salaries and allowances to staff (Estate)

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	11.67	11.98	13.15	12.90	10.54
Mysore	13.47	13.30	15.89	17.53	30.14
Coorg	11.37	11.87	11.97	11.53	1.41
T. C. State	17.60	17.20	20.85	5.27	–70.06
All-India	9.72	12.27	13.31	13.17	35.49

I (xxvi) C. 16 (b) Salaries and allowances to staff (Head Office)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.19	1.06	1.49	1.56	31.09
Mysore	1.53	1.15	1.65	1.07	–30.07
Coorg	1.53	1.83	2.13	2.10	37.25
T. C. State	...	...	...	..	...
All-India	1.13	1.37	1.78	1.68	48.67

I (xxvii) C. 17 (a) General and other office expenses (Estate)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.95	3.76	4.56	4.18	5.82
Mysore	3.26	3.69	4.49	4.08	25.15
Coorg	5.00	4.90	5.81	5.58	11.60
T. C. State	10.98	7.37	18.03	18.37	67.30
All-India	3.44	4.20	5.19	4.88	41.86

I (xxviii) C. 17 (b) General and other office expenses (Head Office)

(in Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.16	2.35	2.24	1.93	-10.65
Mysore	1.50	1.14	3.04	1.91	27.33
Coorg	1.33	2.47	2.44	2.36	77.44
T. C. State	1.17	5.63	2.55	3.85	229.06
All-India	1.37	2.14	2.50	2.13	55.47

I (xxix) Total General Charges

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	65.49	68.00	68.24	55.50	-15.25
Mysore	46.25	51.88	58.60	55.76	20.56
Coorg	41.90	61.08	54.71	53.35	27.33
T. C. State	61.61	72.34	84.31	82.09	33.24
All-India	42.32	57.90	60.54	54.83	29.56

Source:—Returns from estates.

ANNEXURE XI

II. Statement showing management-wise cost of production of Arabica coffee

1950

(In Rs. per cwt.)

Type of ownership/management	For reported estates			Costs			Total cost of production	Commission to managing Agents	Cost of production excluding commission to managing agents
	Acreage	Production for the year (in cwts)	6 yearly average production (in cwts)	Cultivation A	Gathering crop B	General charges C			
1	2	3	4	5	6	7	8	9	10
Sterling companies.	2,064	7,122	8,284	40.27	18.90	52.04	111.21	6.57	104.64
Non-Indian Managing Agents Control Non-Indian.	396	2,558	1,513	44.33	15.23	53.77	113.33	11.40	101.93
Partly Indian & Partly Non-Indian.	4,119	12,227	10,839	31.13	16.50	96.12	143.75	8.38	135.37
Indian Managing Agents control Indian.	4,123	5,846	8,444	36.48	21.61	49.20	107.29	4.89	102.40
Outside Managing Agents control Private Limited Indian	132	210	220	0.34	46.08	25.30	71.72	...	71.72
Private Limited Non-Indian.	1,749	4,749	3,516	56.98	13.45	57.29	127.72	6.52	121.20
Proprietary & Partnership concerns Indian.	5,314	13,378	13,375	59.66	16.73	35.17	111.56	0.70	110.86
Non-Indian	5,020	16,367	16,888	38.14	17.24	38.38	93.75	2.37	91.38
All-India	22,917	62,457	63,079	42.63	17.31	42.32	102.26	3.55	98.71

— :1951 :—

(*In Rs. per cwt.*)

Type of ownership/management	For reported estates			Costs			Total cost of production.	commission to manag-ing agents	Cost o production excludin comm to managing agen
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
Sterling companies	2,048	12,157	8,580	48.40	16.50	59.57	124.47	9.40	115.07
Non-Indian Managing Agents Control Non- Indian.	744	3,010	2,645	54.84	17.77	76.68	149.29	7.18	142.11
Partly Indian & Partly Non-Indian	4,646	20,487	14,477	34.60	15.58	83.72	133.90	11.95	121.95
Indian Managing Agents Control Indian.	4,145	7,022	7,533	63.32	21.88	57.52	142.72	5.98	136.74
Outside Managing Agents control Private Limited-Indian	132	210	220	30.65	42.21	35.62	108.48	...	108.48
Private Limited-Non-Indian.	1,751	4,013	3,366	71.18	18.24	64.42	153.84	5.65	148.19
Proprietary & Partnership concerns Indian.	5,320	15,063	13,356	67.99	15.85	43.23	127.07	0.83	126.24
Non-Indian.	5,512	22,776	17,804	51.83	17.62	43.55	113.00	3.25	109.75
A l-India.	24,293	84,738	67,981	53.17	17.10	57.90	128.17	5.97	122.20

—: 1952 :—

(In Rs. per cwt)

Type of ownership/management	For reported estates			Costs			Total cost of production	Commission to managing agents	Cost of production excluding commission to managing agents-
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop. (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
Sterling companies.	2,181	8,260	8,940	50.36	17.61	64.23	132.20	8.63	123.57
Non-Indian Managing Agents control Non-Indian.	770	3,028	2,950	63.12	17.84	77.38	158.34	5.52	152.82
Partly Indian & Partly Non-Indian	4,556	10,822	13,026	42.95	17.58	88.22	148.75	5.15	143.60
Indian Managing Agents control Indian.	4,135	5,878	7,512	75.20	23.13	58.76	157.09	6.48	150.61
Outside Managing Agents control Private Limited-Indian.	132	225	230	24.69	50.36	24.22	99.27	...	99.27
Private Limited-Non-Indian.	1,751	6,151	3,575	96.85	14.55	73.86	185.26	8.56	176.70
Proprietary & Partnership concerns Indian.	5,726	14,903	15,893	79.30	15.95	45.58	140.83	0.77	140.06
Non-Indian.	5,540	17,451	18,257	66.02	20.12	47.91	134.05	2.46	131.59
All-India.	24,791	66,718	70,383	55.06	18.21	60.54	133.81	4.21	129.60

—: 1953 :—

(In Rs. per cwt.)

Type of owership/management	For reported estates			Costs			Total cost of production	Commission to managing agents.	Cost of production excluding commission to managing agents
	Acreage	Production for the year (in cwts.)	6 yearly average produetion (in cwts.)	Cultivation (A)	Gathering crop. (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
Sterling companies.	2,276	12,652	9,424	57.54	18.08	74.07	149.69	12.30	137.39
Non-Indian Managing Agents control									
Non-Indian.	770	4,236	3,516	64.74	18.06	64.17	146.97	6.43	140.54
Partly Indian & Partly Non-Indian.	4,691	12,430	12,898	68.34	27.63	71.05	167.02	6.22	160.80
Indian Managing Agents Control									
Indian.	4,123	15,390	9,004	77.40	19.27	52.72	149.39	5.24	144.15
Outside Managing Agents control									
Private Limited Indian control	132	246	240	62.94	57.49	42.74	163.17	...	163.17
Private Limited Non-Indian.	1,751	5,809	4,060	102.48	16.85	65.85	185.19	5.86	179.33
Proprietary & Partnership concerns									
Indian.	5,817	23,689	18,202	69.09	16.13	41.59	126.81	0.56	126.25
Non-Indian.	5,512	24,828	19,702	66.45	19.63	44.40	130.48	2.57	127.91
All-India.	25,172	99,280	77,046	69.35	19.41	54.83	143.59	4.65	138.94

Source:—Returns from estates.

ANNEXURE XI

II. Statement showing item-wise cost of production of Arabica coffee according to types of management

II (i) *Planted acreage*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Sterling companies	2,064	2,048	2,181	2,276
Non-Indian Managing Agents control				
Non-Indian	396	744	770	770
Partly Indian & Partly Non-Indian	4,119	4,646	4,556	4,691
Indian Managing Agents Control				
Indian	4,123	4,145	4,135	4,123
Outside Managing Agents control				
Private Limited-Indian	132	132	132	132
Private Limited-Non-Indian	1,749	1,751	1,751	1,751
Proprietary & Partnership concerns				
Indian	5,314	5,320	5,726	5,917
Non-Indian	5,020	5,512	5,540	5,512
All-India	22,917	24,298	24,791	25,172

II (ii) *Crop in cwts. for the year*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Sterling companies	7,122	12,157	8,260	12,652
Non-Indian Managing Agents Control				
Non-Indian	2,558	3,010	3,028	4,236
Partly Indian & partly Non-Indian	12,227	20,487	10,822	12,430
Indian Managing Agents control				
Indian	5,846	7,022	5,878	15,390
Outside Managing Agents control				
Private Limited-Indian	210	210	225	246
Private Limited-Non-Indian	4,749	4,013	6,151	5,809
Proprietary & Partnership concerns				
Indian	13,378	15,063	14,903	23,689
Non-Indian	16,367	22,776	17,451	24,828
All-India	62,457	84,738	66,718	99,280

II (iii) *Average production in cwts for the last six years ending with the current year.*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Sterling companies	8,284	8,850	8,940	9,424
Non-Indian Managing Agents control				
Non-Indian	1,513	2,645	2,950	3,516
Partly Indian & Partly Non-Indian	10,839	14,477	13,026	12,898
Indian Managing Agents control				
Indian	8,444	7,533	7,512	9,004
Outside Managing Agents control				
Private Limited-Indian	220	220	230	240
Private Limited-Non-Indian	3,516	3,366	3,575 .	4,060
Proprietary & Partnership concerns				
Indian	13,375	13,356	15,893	18,202
Non-Indian	16,888	17,804	18,257	19,702
All-India	63,079	67,981	70,383	77,046

II (iv) *A. 1. General field works*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	14.38	15.02	17.20	15.88	10.43
Non Indian Managing Agents control					
Non-Indian	20.72	21.19	25.72	21.02	1.45
Partly Indian & Partly Non-Indian	11.35	9.32	14.40	24.74	117.97
Indian Managing Agents control					
Indian	15.58	27.27	30.18	22.70	45.70
**Outside Managing Agents control*					
Private Limited-Indian	...	...	...	...	...
Private Limited-Non-Indian	28.12	33.39	31.71	33.35	18.59
Proprietary & Partnership concerns					
Indian	22.39	27.74	34.81	24.80	10.76
Non-Indian	12.03	14.60	14.59	15.27	26.93
All-Indian	15.96	18.65	22.41	21.21	32.89

*In this group allocation of costs among various items does not appear to have done properly.

II (v) *A. 2. Filling in vacancies*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	8.07	8.19	7.65	9.89	22.55
Non-Indian Managing Agents control Non-Indian	0.70	2.13	2.03	2.62	274.30
Partly Indian & Partly Non-Indian	0.44	1.91	4.16	7.29	1,556.82
Indian Managing Agents control Indian	2.45	2.99	5.30	4.64	89.39
Outside Managing Agents control Private Limited-Indian	...	...	...	...	...
Private Limited-Non-Indian	3.18	3.09	2.58	3.17	—0.31
Proprietary & Partnership concerns Indian	3.91	4.10	5.57	3.56	--8.95
Non-Indian	3.21	2.90	3.07	3.34	4.05
All-India	3.35	3.57	4.58	4.95	47.76

II (vi) *A. 3. Manuring*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	3.91	9.72	6.30	9.50	142.97
Non-Indian Managing Agents control Non-Indian	18.69	18.11	23.31	29.96	60.30
Partly Indian & Partly Non- Indian	10.02	14.74	11.67	19.78	97.41
Indian Managing Agents control Indian	7.61	16.27	20.89	27.26	258.21
Outside Managing Agents control Private Limited-Indian	0.34	30.65	24.69	38.45	11,208
Private Limited-Non-Indian	9.50	14.96	34.13	36.58	285.05
Proprietary & Partnership concerns Indian	23.95	26.14	26.79	27.65	15.45
Non-Indian	11.28	20.27	31.02	28.07	148.85
All-India	12.33	18.16	22.08	24.79	101.05

II (vii) *A. 4. Spraying and dusting*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Sterling companies	12.95	13.89	16.86	21.48	65.87
Non-Indian Managing Agents control					
Non-Indian	3.24	12.52	10.40	8.58	164.82
Partly Indian & Partly Non-Indian	7.78	7.31	10.66	12.92	65.07
Indian Managing Agents control					
Indian	5.95	6.03	10.14	13.33	124.03
Outside Managing Agents control					
Private Limited Indian	...	...	...	...	...
Private Limited Non-Indian	14.70	16.76	25.08	25.60	74.15
Proprietary & Partnership concerns					
Indian	9.00	9.78	11.50	12.33	37.00
Non-Indian	10.13	12.34	14.78	16.44	62.29
All-India	9.35	10.44	13.34	15.20	62.57

II (viii) *A. 5. Other pest control measures*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	0.96	1.58	2.35	0.79	—17.71
Non-Indian Managing Agents control					
Non-Indian	0.98	0.89	1.66	2.56	161.22
Partly Indian & Partly Non-Indian	1.54	1.32	2.06	3.61	134.42
Indian Managing Agents control					
Indian	4.89	10.76	8.69	9.47	93.66
Outside Managing Agents control					
Private Limited-Indian	...	...	...	24.69	...
Private Limited-Non-Indian	1.48	2.98	3.35	3.78	155.41
Proprietary & Partnership concerns					
Indian	0.45	0.23	0.63	0.75	66.67
Non-Indian	1.48	1.72	2.56	3.33	125.00
All-India	1.64	2.35	2.65	3.20	95.12

II (ix) *Total cultivation*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Sterling companies	48.277	48.40	50.36	57.54	19.20
Non-Indian managing Agents control					
Non-Indian	41.33	54.84	63.12	64.74	46.04
Partly Indian & Partly Non-Indian	31.13	34.60	42.95	68.34	119.53
Indian Managing Agents control					
Indian	36.48	66.32	75.20	77.40	112.17
Outside Managing Agents control					
Private Ltd.-Indian	0.34	30.65	24.69	62.94	18,411.76
Private Ltd.-Non-Indian	56.98	71.18	96.85	102.48	79.85
Proprietary and Partnership concerns					
Indian	59.66	67.99	79.30	69.09	15.81
Non-Indian	38.13	51.83	66.02	66.45	74.27
All-India	42.63	53.19	55.06	69.35	62.68

II (x) *B. 6. Wages for gathering crop*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Sterling companies	11.25	9.24	9.58	10.99	—2.31
Non-Indian Managing Agents control					
Non-Indian	5.07	9.88	10.00	10.16	100.39
Partly Indian & Partly Non-Indian	7.46	7.34	9.10	17.76	138.07
Indian Managing Agents control					
Indian	13.86	13.50	14.34	11.30	—18.47
Outside Managing Agents control					
Private Ltd.-Indian	42.11	39.11	45.28	55.38	31.47
Private Ltd.-Non-Indian	6.64	9.24	7.25	8.82	32.83
Proprietary & Partnership concerns					
Indian	8.75	7.69	8.28	8.64	—1.26
Non-Indian	8.06	7.70	9.92	9.40	16.63
All-India	8.88	8.54	9.65	10.88	22.52

II (xi) *B. 7. Other crop gathering charges*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Sterling companies	1.18	0.98	1.35	0.93	—21.19
Non-Indian Managing Agents control					
Non-Indian	1.06	0.66	0.49	0.07	—93.40
Partly Indian & Partly Non-Indian	0.37	0.42	0.57	0.75	102.70
Indian Managing Agents control					
Indian	1.44	0.88	1.20	0.64	—55.56
Outside Managing Agents control					
Private Ltd. Indian	...	...	...	...	...
Private Ltd. Non-Indian	0.59	1.15	0.65	0.87	47.46
Proprietary & Partnership concerns					
Indian	1.13	1.09	1.12	1.00	—11.50
Non-Indian	1.72	2.12	2.31	2.33	35.47
All-India	1.12	1.16	1.30	1.19	36.25

II (xii) *B. 8. Estate processing*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Sterling companies	1.27	0.98	1.10	1.00	--21.26
Non-Indian Managing Agents control					
Non-Indian	0.42	0.84	0.29	0.61	45.24
Partly Indian & Partly Non-Indian	2.80	1.90	2.75	3.16	12.86
Indian Managing Agents control					
Indian	1.79	2.58	1.75	2.02	12.85
Outside Managing Agents control					
Private Ltd. Indian	...	...	...	...	...
Private Ltd. Non-Indian	1.05	1.74	1.46	1.50	42.86
Proprietary & Partnership concerns					
Indian	1.86	1.79	1.74	1.47	—20.97
Non-Indian	1.73	1.55	1.76	1.45	—16.18
All-India	1.81	1.66	1.73	1.66	—8.29

II (xiii) *B. 9. Transport to curing works*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	2.00	1.78	1.89	1.89	—5.50
Non-Indian Managing Agents control Non-Indian	6.13	3.23	3.80	3.62	—40.95
Partly Indian & Partly Non-Indian	2.49	2.44	2.08	2.24	—10.04
Indian Managing Agent control Indian	2.73	2.64	2.70	2.17	—20.51
Outside Managing Agents control Private Ltd. Indian	...	...	...	...	...
Private Ltd. Non-Indian	2.16	2.25	1.96	2.17	0.46
Proprietary and Partnership concerns Indian	1.74	1.95	1.93	1.56	—10.34
Non-Indian	2.06	2.15	2.41	2.40	16.51
All India	2.30	2.21	2.22	2.11	—8.26

II (xiv) *B. 10 Curing charges*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
	2	3	4	5	6
Sterling companies	3.20	3.52	3.69	3.27	2.19
Non-Indian Managing Agents control Non-Indian	2.55	3.16	3.26	3.60	41.18
Partly Indian & Partly Non-Indian	3.38	3.48	3.08	3.72	1.01
Indian Managing Agents control Indian	1.79	2.28	3.14	3.14	75.42
Outside Managing Agents control Private Ltd. Indian	3.37	3.10	5.08	2.13	—36.8
Private Ltd. Non-Indian	3.01	3.86	3.23	3.50	16.28
Proprietary and Partnership concerns Indian.	3.25	3.33	2.88	3.46	6.46
Non-Indian	3.67	4.10	3.72	4.05	10.35
All India	3.20	3.53	3.31	3.57	11.56

II (xv) *Total charges for gathering and processing crop.*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	18.90	16.50	17.61	18.08	—4.32
Non-Indian Managing Agents control Non-Indian	15.23	17.77	17.84	18.06	18.58
Partly Indian & Partly Non-Indian	16.50	15.58	17.58	27.63	67.46
Indian Managing Agents control Indian	21.61	21.88	23.13	19.27	—10.83
Outside Managing Agents control Private Ltd. Indian	46.18	42.21	50.36	57.49	24.48
Private Ltd. Non-Indian	13.45	18.24	14.55	16.86	25.35
Proprietary and Partnership concerns Indian	16.73	15.85	15.95	16.13	—13.59
Non-Indian	17.24	17.62	20.12	19.63	13.86
All-India	17.31	17.10	18.21	19.41	12.13

II (xvi) *C. 11. Upkeep*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Sterling companies	8.18	7.96	9.93	13.36	63.33
Non-Indian Managing Agents control Non-Indian	5.00	18.66	19.33	11.95	139.00
Partly Indian & Partly Non-Indian	4.07	3.39	4.95	5.43	33.42
Indian Managing Agents control Indian	2.83	4.15	4.96	5.47	93.29
Outside Managing Agents control Private Ltd. Indian	1.66	0.93	1.48	3.69	...
Private Ltd, Non-Indian	7.71	9.79	9.35	7.29	—5.45
Proprietary and Partnership concerns Indian	4.07	6.05	5.84	6.11	50.12
Non-Indian	5.79	7.93	11.31	10.41	79.79
All India	4.15	6.68	8.25	8.23	98.31

II (xvii) *C. 12. Depreciation*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	2.99	2.29	0.17	2.66	-11.04
Non-Indian Managing Agents control Non-Indian	4.30	8.66	10.80	10.34	140.47
Partly Indian & Partly Non-Indian	6.50	4.43	7.34	9.12	40.31
Indian Managing Agents control Indian	5.63	4.61	4.48	4.08	-27.53
Outside Managing Agents control Private Ltd. Indian	...	7.84	...	4.41	...
Private Ltd.—Non-Indian	3.62	4.78	5.28	4.88	34.81
Proprietary and Partnership concerns Indian	6.43	9.65	9.91	9.48	46.30
Non-Indian	4.21	5.18	5.44	5.28	25.42
All-India	4.11	5.59	6.23	6.68	62.53

II (xviii) *C. 13 (a) Recruiting expenses*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	0.78	0.54	0.44	0.60	-23.08
Non-Indian Managing Agents control Non-Indian	...	...	...	0.02	..
Partly Indian & Partly Non-Indian	1.72	1.52	1.32	1.77	2.91
Indian Managing Agents control Indian	1.23	1.60	1.50	1.69	37.40
Outside Managing Agents control Private Ltd.—Indian	...	...	...	...	
Private Ltd.—Non-Indian	0.56	0.49	0.79	0.52	-7.14
Proprietary and Partnership concerns Indian	1.03	1.09	1.08	1.15	6.48
Non-Indian	2.14	2.08	2.89	2.68	25.23
All-India	1.13	1.35	1.49	1.55	37.17

II (xix) *C. 13 (b) Medical benefits*

(In Rs. per cwt)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	5.47	5.45	5.13	5.87	7.31
Non-Indian Managing Agents control Non-Indian	0.96	2.55	4.63	4.31	348.96
Partly Indian & Partly Non-Indian	6.48	5.74	8.04	9.40	45.06
Indian Managing Agents control Indian	2.08	2.90	3.45	3.00	44.23
Outside Managing Agents control Private Ltd.—Indian	0.55	0.61	0.25	0.28	-49.09
Private Ltd.—Non-Indian	2.50	1.42	1.52	1.28	-48.80
Proprietry and Partnership concerns Indian	1.63	1.90	2.84	1.84	12.88
Non-Indian	1.56	1.60	1.72	1.83	17.31
All-India	2.43	3.20	3.94	3.81	56.79

II (xx) *C 13 (c) Other labour benefits*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	3.54	4.35	4.84	5.19	46.61
Non-Indian Managing Agents control Non-Indian	10.90	10.21	5.20	4.39	-59.72
Partly Indian & Partly Non-Indian	41.03	32.82	32.52	7.65	-81.36
Indian Managing Agents control Indian	8.09	10.06	8.98	5.99	-25.96
Outside Managing Agents control Private Ltd.—Indian	9.35	11.13	6.70	5.93	-36.58
Private Ltd.—Non-Indian	1.32	1.54	1.69	1.74	31.82
Proprietary and Partnership concerns Indian	2.83	2.79	3.59	2.76	-2.47
Non-Indian	3.22	3.81	3.06	1.45	-54.97
All-India	8.59	10.71	9.52	3.95	-54.02

II (xxi) *C. 14. Bonus to staff*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	1.20	2.74	11.80	2.32	93.33
Non-Indian Managing Agents control Non-Indian	1.01	0.93	0.72	1.79	77.23
Partly Indian & Partly Non-Indian	1.30	0.07	0.68	1.54	18.46
Indian Managing Agents control Indian	1.49	2.12	2.24	2.14	43.62
Outside Managing Agents control Private Ltd.—Indian	2.73	2.73	2.61	2.50	–8.42
Private Ltd.—Non-Indian	5.00	4.31	7.15	4.78	–4.40
Proprietary and Partnership concerns Indian	0.77	0.92	0.85	1.06	37.66
Non-Indian	1.06	2.06	1.21	1.69	59.43
All-India	1.09	1.78	1.51	1.82	66.97

II (xxii) *C. 14 (b) Commission to managers and other senior staff.*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	3.73	6.31	6.56	8.19	119.57
Non-Indian Managing Agents control Non-Indian	4.57	1.61	0.22	1.26	–72.43
Partly Indian & Partly Non-Indian	3.52	6.66	0.57	1.19	–66.19
Indian Managing Agents control Indian	0.26	0.16	0.19	0.35	34.62
Outside Managing Agents control Private Ltd.—Indian	...	...	...	...	...
Private Ltd.—Non-Indian	5.64	5.35	7.73	4.16	–26.24
Proprietary and Partnership concerns Indian	0.65	0.78	0.72	0.95	46.15
Non-Indian	2.08	2.79	2.20	2.18	4.81
All-India	1.82	3.41	2.09	2.40	31.87

II (xxiii) *C. 14 (c) Commission to Managing Directors or Agents and agency allowance.*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	2.84	3.09	2.07	4.11	41.72
Non-Indian Managing Agents control					
Non-Indian	6.83	6.57	5.30	5.17	–24.30
Partly Indian & Partly Non-Indian	4.86	5.29	4.58	4.13	–3.85
Indian Managing Agents control					
Indian	4.63	5.82	6.29	4.89	5.62
Outside Managing Agents control					
Private Ltd.—Indian	...	...	...	...	...
Private Ltd.—Non-Indian	0.88	0.30	0.83	1.70	93.18
Proprietary and Partnership concerns					
Indian	0.05	0.05	0.05	0.01	–20.00
Non-Indian	0.29	0.46	0.26	0.40	37.93
All-India	1.73	2.56	2.12	2.25	30.06

II (xxiv) *C. 15. Bonus to labour*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	0.45	0.62	1.37	1.66	263.89
Non-Indian Managing Agents control					
Non-Indian	...	0.42	1.23	1.21	...
Partly Indian & Partly Non-Indian	4.52	4.82	5.69	5.01	10.84
Indian Managing Agents control					
Indian	2.08	2.59	1.84	2.69	29.33
Outside Managing Agents control					
Private Ltd.—Indian	...	...	...	...	...
ivate Ltd.—Non-Indian	1.23	2.05	2.58	1.78	44.72
Proprietary and Partnership concerns					
Indian	1.69	2.21	1.91	1.42	–15.98
Non-Indian	1.69	2.67	2.18	1.71	1.18
All-India	1.61	2.64	2.61	2.28	41.61

II (xxv) *C. 16 (a) Salaries and allowances to staff (Estate)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	13.96	14.60	16.45	16.13	15.54
Non-Indian Managing Agents control Non-Indian	14.34	18.98	18.38	11.95	4.25
Partly Indian & Partly Non-Indian	15.99	13.11	16.35	18.83	17.76
Indian Managing Agents control Indian	9.61	12.26	12.83	11.61	20.81
Outside Managing Agents control Private Ltd.—Indian	2.78	2.76	2.66	6.75	142.80
Private Ltd.—Non-Indian	19.88	23.83	25.38	29.21	46.93
Proprietary & Partnership concerns Indian	8.73	10.26	10.36	9.02	3.32
Non-Indian	10.48	8.89	9.30	9.04	—13.74
All-India	9.72	12.27	13.31	13.17	35.49

II (xxvi) *C. 16 (b) Salaries and allowances to staff (Head Office)*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	...	...	...	...	...
Non-Indian Managing Agents control Non-indian	0.51	0.29	1.42	...	—100.00
Partly Indian & Partly Non-Indian	0.65	0.45	0.50	0.61	—6.15
Indian Managing Agents control Indian	2.02	2.27	2.50	2.44	20.79
Outside Managing Agents control Private Ltd.—Indian	1.86	1.86	1.77	4.50	241.94
Private Ltd.—Non-Indian	1.40	1.75	1.44	1.15	—17.85
Proprietary & Partnership concerns Indian	2.31	2.94	3.25	3.18	37.66
Non-Indian	1.55	1.30	2.12	1.84	18.71
All-India	1.13	1.37	1.78	1.68	48.67

II (xxvii) *C. 17 (a) General and other office expenses (Estate)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	4.95	4.25	6.04	5.14	3.84
Non-Indian Managing Agents control					
Non-Indian	4.53	6.67	7.75	7.11	57.62
Partly Indian and Partly Non-Indian	3.12	2.55	3.17	3.49	11.86
Indian Managing Agents control					
Indian	3.79	4.21	5.01	4.77	25.86
Outside Managing Agents control					
Private Ltd.—Indian	3.28	4.65	5.25	8.81	16.86
Private Ltd.—Non-Indian	7.55	8.81	10.12	7.36	—2.52
Proprietary & Partnership concerns					
Indian	4.31	4.12	4.51	3.92	—9.05
Non-Indian	4.10	4.35	5.51	5.64	37.56
All-India	3.41	4.20	5.19	4.88	41.86

II (xxviii) *C. 17 (b) General and other office expenses (Head Office)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	3.95	7.37	8.83	8.84	123.80
Non-Indian Managing Agents control					
Non-Indian	0.82	2.13	2.38	1.24	51.22
Partly Indian and Partly Non-Indian	1.36	1.87	2.51	1.98	45.59
Indian Managing Agents control					
Indian	5.46	4.77	4.44	3.60	—34.07
Outside Managing Agents control					
Private Ltd.—Indian	3.09	3.09	3.50	5.87	89.97
Private Ltd.—Non-Indian	...	...	...	...	...
Proprietary & Partnership concerns					
Indian	0.57	0.47	0.68	0.66	15.79
Non-Indian	0.21	0.35	0.68	0.26	23.81
All-India	1.37	2.14	2.50	2.13	55.47

II (xxix) *Total general charges*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in '53 over 1950
1	2	3	4	5	6
Sterling companies	52.04	59.57	64.23	74.07	42.33
Non-Indian Managing Agents control Non-Indian	53.77	76.68	77.38	64.17	19.34
Partly Indian and Partly Non-Indian	96.12	83.72	88.22	71.05	—26.08
Indian Managing Agents control Indian	49.20	57.52	58.76	52.72	7.15
* *Outside Managing Agents control* Private Ltd.—Indian	25.30	35.62	24.22	42.14	66.56
Private Ltd.—Non-Indian	57.29	64.42	73.86	65.85	14.94
Proprietary & Partnership concerns Indian	35.17	43.23	45.58	41.59	18.25
Non-Indian	38.38	43.55	47.91	44.40	15.69
All-India	42.32	57.90	60.54	54.83	29.56

* In this group, the allocation of costs among various items does not appear to have been done properly. Source: Returns from estates.

ANNEXURE XII

I. *Statement showing cost of production of Robusta coffee in various regions*

(In Rs. per cwt.)

Region	For reported estates			Costs			Total cost of production	Commission to managing agents	Cost of production excluding commission to managing agents.
	Acreage	Production for the year in cwts	6 yearly average production (in cwts)	Cultivation (A)	Gathering Crop. (B)	General Charges (C)			
1	2	3	4	5	6	7	8	9	10
				1950					
Madras	2,330	5,446	5,308	45.51	16.41	36.31	98.23	3.50	94.73
Coorg	951	4,489	3.960	17.84	17.21	50.69	109.09	4.75	104.34
All India	3,281	9,935	9.268	33.69	16.77	42.44	92.90	4.02	88.88
				1951					
Madras	2,407	2,517	4,171	75.08	18.43	54.88	148.39	5.10	143.29
Coorg	982	3,543	3,920	19.86	11.67	46.27	82.48	1.27	81.21
All India	3,359	6,060	8,091	48.33	14.46	50.73	113.52	3.25	110.27
				1952					
Madras	2.439	6,509	5,327	68.07	16.18	42.41	126.66	2.89	123.77
Coorg	1.334	7,202	6,041	32.88	14.25	50.95	98.08	3.95	94.13
All-India	3,773	13,771	11,368	49.37	15.17	46.94	111.48	3.45	108.03
				1953					
Madras	2,450	6,436	5,659	58.62	16.48	37.19	112.29	3.76	109.53
Coorg	1,397	8,889	6,325	45.92	12.60	54.94	113.46	1.68	111.98
All-India	3,847	15,325	11,984	51.93	14.23	46.55	112.71	2.96	109.75

Source :—Returns from estates.

ANNEXURE XII

I. Statement showing item-wise cost of production of Robusta coffee in various regions.

I (i) *Planted Acreage*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	2,330	2,407	2,439	2,450
Coorg	951	982	1,334	1,397
All-India	3,281	3,389	3,773	3,847

I (ii) *Crop in cwts. for the year*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	5,446	2,517	6,509	6,436
Coorg	4,489	3,543	7,202	8,889
All-India	9,935	6,060	13,711	15,325

I (iii) *Average crop in cwts. during the last six years ending with current year.*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	5,308	4,171	5,327	5,659
Coorg	3,960	3,920	6,041	6,325
All-India	9,268	8,091	11,368	11,984

I (iv) *A. 1. General Field Works*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	39.96	64.94	58.51	47.18	18.07
Coorg	10.13	11.07	16.24	21.26	109.87
All-India	27.23	38.85	36.05	33.51	23.06

I (v) *A. 2. Filling in Vancancies*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.02	3.25	2.68	2.67	32.18
Coorg	2.45	1.90	1.89	2.15	—12.24
All-India	2.20	2.59	2.26	2.40	9.09

I (vi) *A. 3. Manuring*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.49	6.83	6.67	8.62	146.99
Coorg	5.02	6.89	14.63	22.50	348.21
All-India	4.14	6.86	10.90	15.94	285.02

I (vii) *A. 4. Spraying and dusting*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	...	...	...	...	...
Coorg	...	...	...	...	...
All-India	...	...	...	...	...

I (viii) *A. 5. Other pest control measures*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.04	0.06	0.21	0.15	275.00
Coorg	0.24	...	0.12	0.01	—92.00
All-India	0.12	0.03	0:16	0.08	—33.33

I (ix) *Total cultivation*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	45.51	75.08	68.07	58.62	28.81
Coorg	17.84	19.86	32.88	45.92	157.40
All-India	33.69	48.33	49.37	51.93	54.14

I (x) *B. 6. Wages for gathering*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	7.98	7.41	7.79	8.28	3.76
Coorg	6.51	6.48	6.99	5.53	-15.05
All-India	7.31	6.87	7.37	6.68	-8.62

I (xi) *B. 7. Other crop gathering charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	1.03	0.88	0.92	0.95	-7.77
Coorg	1.05	0.48	1.46	1.35	28.57
All-India	1.04	0.64	1.20	1.19	14.42

I (xii) *B. 8. Estate processing*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	1.80	2.15	1.59	1.81	0.56
Coorg	1.05	0.48	0.65	0.61	-41.90
All-India	1.46	1.17	1.10	1.12	-23.29

I (xiii) *B. 9. Transport to curing works*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	2.01	2.23	2.15	1.75	-12.94
Coorg	3.13	1.68	1.93	1.33	-59.51
All-India	2.52	2.73	2.06	1.50	40.41

I (xiv) *B. 10 Curing charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	3.59	3.76	3.73	3.69	2.79
Coorg	5.47	2.55	3.18	3.78	-30.90
All-India	4.44	3.05	3.44	3.74	-15.77

I (xv) *Total charges for gathering and processing crop*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	16.41	18.43	16.18	16.48	0.42
Coorg	17.21	11.67	14.26	12.60	-26.79
All-India	16.77	14.46	15.17	14.23	-15.15

I (xvi) *C. 11. Upkeep*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	1.74	2.53	1.76	1.98	13.79
Coorg	6.67	6.32	7.43	9.00	34.93
All-India	3.83	4.38	4.77	5.69	48.56

I (xvii) *C. 12. Depreciation*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	1.06	1.40	1.13	1.08	1.89
Coorg	15.69	14.68	13.32	14.78	-5.79
All-India	7·31	7.82	7.61	8.31	13.68

I (xviii) *C. 13 (a) Recruiting expenses*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Madras	0.18	0.29	0.25	0.26	44.44
Coorg	0.34	0.35	0.76	0.56	64.71
All-India	0.25	0.32	0.52	0.42	68.00

I (xix)—*C. 13 (b) Medical benefits*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.27	3.93	4.21	4.19	28.13
Coorg	0.66	0.77	1.29	1.13	71.21
All-India	2.15	2.40	2.65	2.57	10.53

I (xx) *C. 13 (c) Other labour benefits*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	7.06	9.47	1.86	1.62	-77.05
Coorg	2.69	3.00	2.96	2.62	-2.60
All-India	5.19	6.34	2.45	2.15	-58.57

I (xxi) *C. 14 (a) Bonus to Staff*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.43	0.62	0.31	0.53	23.26
Coorg	0.18	0.64	0.73	1.05	483.33
All-India	0.33	0.63	0.53	0.81	145.45

I (xxii) *C. 14 (b) Commission to Managers and other Senior Staff*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.71	4.02	2.78	2.98	-9.96
Coorg	4.62	1.07	3.65	1.99	-56.93
All-India	3.53	2.59	3.24	2.46	-30.31

I (xxiii) *C. 14 (c) Commission to Managing Director or Agents and Agency allowance*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.79	1.08	0.11	0.78	-1.27
Coorg	0.11	0.21	0.30	0.31	181.82
All-India	0.50	0.66	0.21	0.53	6.00

I (xxiv) *C. 15 Bonus to labour*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.73	1.57	1.38	1.38	89.04
Coorg	0.89	1.32	1.28	1.19	33.71
All-India	0.80	1.45	1.32	1.28	60.00

I (xxv) *C. 16 (a) Salaries and allowances to Staff (Estate)*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	6.81	8.80	7.61	7.13	4.70
Coorg	6.78	6.37	9.36	9.21	36.28
All-India	6.80	7.63	8.54	8.24	21.18

I (xxvi) *C. 16 (b) Salaries and allowances to staff (Head Office)*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.84	4.41	3.38	3.83	34.86
Coorg	1.04	0.99	0.73	1.96	88.96
All-India	2.07	2.75	1.98	2.84	37.19

I (xxvii) *C. 17 (a) General and other office expenses (Estate)*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	5.74	10.76	11.28	7.45	29.78
Coorg	6.15	4.89	4.46	3.74	-39.19
All-India	5.91	7.92	7.66	5.49	-7.11

I (xxviii) *C. 17 (b) General and other offiee expenses (Head Office)*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.95	6.00	6.35	3.98	34.92
Coorg	4.87	5.66	4.68	7.36	51.13
All-India	3.77	5.84	5.46	5.76	52.79

I (xxix) *Total General Charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	36.31	54.88	42.41	37.19	2.42
Coorg	50.69	46.27	50.95	54.93	8.36
All-India	42.44	50.73	46.94	46.55	9.68

Source: Returns from estates.

ANNEXURE XII

II. Statement showing management-wise cost of production of Robusta Coffee.

(In Rs. per cwt.)

Type of Ownership/Management	FOR REPORTED ESTATES			Cultivation (A)	Charges for gathering crop (B)	General Charges (C)	Total cost o production	Commission to managing Agents	Cost of production excluding commission to managing agents.
	Acreage	Production for the year (in cwts.)	6 yearly Av. production (in cwts.)						
1	2	3	4	5	6	7	8	9	10
1950									
Non-Indian Managing Agents Control Partly Indian & Partly Non-Indian.	371	528	1,321	10.24	20.67	55.36	86.27	3.94	82.38
Proprietary & Partnership Concerns. Indian	2,077	5,200	4,334	54.88	15.59	34.97	105.44	3.09	102.35
Non-Indian	833	4,207	3,613	16.86	17.73	46.69	81.28	5.19	76.09
All-India	3,281	9,935	9,268	33.69	16.77	42.44	92.90	4.02	88.88
1951									
Non-Indian Managing Agents Control Partly Indian & Partly Non-Indian.	371	852	1,213	15.63	13.97	61.65	91.25	4.93	86.32
Proprietary & Partnership Concerns Indian	2,175	2,183	3,346	92.24	17.81	55.82	165.87	4.57	161.30
Non-Indian	843	3,025	3,532	17.96	12.20	42.10	72.26	1.42	70.84
All-India	3,389	6,060	8,091	48.33	14.46	50.73	113.52	3.25	110.27

ANNEXURE XII

II. Statement showing management-wise cost of production of Robusta Coffee

(In Rs. per cwt.)

Type of Ownership/Management	FOR REPORTED ESTATES			Cultivation (A)	Charges for gathering crop (B)	General Charges (C)	Total cost of production	Commission to managing Agents	Cost of production excluding commission to managing agents
	Acreage	Production for the year (in cwts.)	6 yearly Av. production (in cwts.)						
1	2	3	4	5	6	7	8	9	10
				1952					
Non-Indian Managing Agents Control Partly Indian & Partly Non-Indian	371	2,179	1,483	23.69	16.19	29.93	74.81	4.93	69.88
Proprietary & Partnership Concerns Indian	2,214	4,878	4,262	81.27	15.64	52.86	149.77	3.48	146.25
Non-Indian	1,188	6,654	5,623	30.63	14.50	46.96	92.09	4.24	87.85
All-India	3,773	13,711	11,368	49.37	15.17	46.94	111.48	3.45	108.03
				1953					
Non-Indian Managing Agents Control Partly Indian & Partly Non-Indian	371	775	1,248	54.61	21.68	39.92	116.21	5.35	110.86
Proprietary & Partnership Concerns Indian	2,263	6,069	4,803	60.66	15.31	42.23	118.20	3.04	115.16
Non-Indian	1,213	8,481	5,933	44.27	12.77	51.44	108.48	2.39	106.09
Ali-India	3,847	15,325	11,984	51.93	14.23	46.55	112.71	2.96	109.75

(Source :—Returns from estates)

ANNEXURE XII

II. *Statement showing item-wise cost of production of Robusta coffee according to types of management*

II (i) *Planted acreage*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control				
Partly Indian and Partly Non-Indian	371	371	371	371
Proprietary and Partnership concerns				
Indian	2,077	2,175	2,214	2,263
Non-Indian	833	843	1,188	1,213
All-India	3,281	3,389	3,773	3,847

II (ii) *Crop in cwts. for the year*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control				
Partly Indian and Partly Non-Indian	528	852	2,179	775
Proprietary and Partnership concerns				
Indian	5,200	2,183	4,878	6,069
Non-Indian	4,207	3,025	6,654	8,431
All-India	9,935	6,060	13,711	15,325

II (iii) *Average crop in cwts. during the last six years ending with current year*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control				
Partly Indian and Partly Non-Indian	1,321	1,213	1,483	1,248
Proprietary and Partnership concerns				
Indian	4,334	3,346	4,262	4,803
Non-Indian	3,613	3,532	5,623	5,933
All-India	9,268	8,091	11,368	11,984

II (iv) *A. 1. General Field works*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	8.55	9.83	20.09	35.32	313.09
Proprietary and Partnership concerns					
Indian	47.83	80.30	69.50	50.06	4.66
Non-Indian	9.32	9.51	14.90	19.73	111.70
All-India	27.23	38.85	36.05	33.51	23.06

II (v) *A. 2. Filling in vacancies*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	...	...	0.14	3.36	...
Proprietary and Partnership concerns					
Indian	2.49	4.33	4.14	2.53	1.61
Non-Indian	2.66	1.83	1.49	2.09	-21.43
All-India	2.20	2.59	2.26	2.40	9.09

II (vi) *A. 3 (a) Cost of chemical manures*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.43	5.10	5.82	11.41	697.90
Proprietary and Partnership concerns					
Indian	0.41	2.02	2.30	2.71	560.98
Non-Indian	3.43	5.05	11.20	17.38	406.71
All-India	1.73	3.81	7.16	10.88	528.90

II (vii) *A. 3 (b) Labour for application*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	0.09	0.48	1.90	3.83	4155.56
Proprietary and Partnership concerns Indian	0.06	0.14	0.19	0.24	300.00
Non-Indian	1.28	1.54	2.63	3.06	139.06
All-India	0.54	0.80	1.62	2.02	274.07

II (viii) *A. 3 (c) Cost of organic manure and application*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns Indian	4.01	5.45	5.14	5.12	27.68
Non-Indian	...	...	0.38	2.00	...
All-India	1.87	2.25	2.12	3.04	62.57

II (ix) *A. 4 (a) Cost of spraying and dusting*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	..	...	...	...
Proprietary and Partnership concerns Indian	...	...	...	...	...
Non-Indian	...	...	...	...	...
All-India	...	...	...	...	...

II (x) *A. 4 (b) Cost of spraying and equipment and accessories*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns Indian	...	...	...	...	...
Non-Indian	...	...	...	...	...
All-India	...	...	...	...	...

II (xi) *A. 4 (c) Cost of application*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns Indian	...	...	...	...	...
Non-Indian	...	...	...	...	...
All-India	...	...	...	...	...

II (xii) *A. 5 (a) Cost of materials*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns Indian	0.01	...	...	...	-100.00
Non-Indian	...	...	0.02	...	...
All-India	0.03	...	0.01	...	-66.67

II (xiii) *A. 5 (b) Cost of equipment and accessories*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns Indian	...	...	...	...	...
Non-Indian	...	...	0.02	...	...
All-India	...	...	0.01	...	...

II (xiv) *A. 5 (c) Cost of application including labour*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	0.17	0.22	0.74	0.69	30.59
Proprietary and Partnership concerns Indian	0.01	...	...	...	-100.00
Non-Indian	0.17	...	0.08	0.01	-94.12
All-India	0.09	0.03	0.14	0.08	-11.11

II (xv) *Total cultivation*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	10.24	15.63	28.69	54.61	433.30
Proprietary and Partnership concerns Indian	54.88	92.24	81.29	60.66	10.53
Non-Indian	16.86	17.96	30.63	44.27	162.57
All-India	33.69	48.33	49.37	51.93	54.14

II (xvi) *B. 6. Wages for gathering*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	9.45	6.62	8.40	13.43	42.12
Proprietary and Partnership concerns					
Indian	7.58	8.99	7.18	7.30	-3.69
Non-Indian	6.71	7.06	7.18	5.63	-16.10
All-India	7.31	7.70	7.37	6.68	-8.62

II (xvii) *B. 7. Other crop gathering charges*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	..	...	0.16	...	...
Proprietary and Partnership concerns					
Indian	1.12	1.15	1.35	1.06	-5.36
Non-Indian	1.07	0.46	1.44	1.39	29.91
All-India	1.04	0.64	1.20	1.19	14.42

II (xviii) *B. 8. Estate processing*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.11	1.30	1.16	2.76	-11.25
Proprietary and Partnership concerns					
Indian	1.59	2.16	1.72	1.60	0.63
Non-Indian	1.09	0.42	0.62	0.61	-44.04
All-India	1.46	1.17	1.10	1.12	-23.28

II (xix) *B. 9. Transport to curing works*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	4.61	2.42	2.72	1.74	-62.26
Proprietary and Partnership concerns Indian	1.71	1.88	1.76	1.70	-0.58
Non-Indian	3.25	1.78	2.07	1.34	-58.77
All-India	2.52	1.90	2.06	1.50	-40.43

II (xx) *B. 10. Curing charges*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	3.50	3.63	3.75	3.75	7.14
Proprietary and Partnership concerns Indian	3.59	3.63	3.63	3.75	4.46
Non-Indian	5.61	2.73	3.19	3.80	-32.26
All-India	4.44	3.05	3.44	3.74	-15.77

II (xxi) *Total charges for gathering and processing crop*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	20.67	13.97	16.10	21.68	4.89
Proprietary and Partnership concerns Indian	15.59	17.81	15.64	15.31	-1.80
Non-Indian	17.73	12.20	14.59	12.77	-27.98
All-India	16.77	14.46	15.17	14.23	-15.15

II (xxii) *C.* 11. *Upkeep*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.59	3.13	3.62	3.53	36.29
Proprietary and Partnership concerns					
Indian	2.06	2.85	1.71	2.34	13.59
Non-Indian	6.41	6.25	7.41	8.86	38.22
All-India	3.83	4.38	4.77	5.69	48.56

II (xxiii) *C. 12. Depreciation*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.15	2.42	2.10	2.51	16.74
Proprietary and Partnership concerns					
Indian	1.64	2.13	3.45	3.55	116.46
Non-Indian	16.00	15.10	12.21	13.39	–16.31
All-India	7.31	7.82	7.61	8.31	13.68

II (xxiv) *C. 13. (a) Recruiting expenses*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	0.74	0.78	0.71	0.82	10.81
Proprietary and Partnership concerns					
Indian	0.31	0.27	0.47	0.25	–19.35
Non-Indian	...	0.21	0.52	0.46	...
All-India	0.25	0.32	0.52	0.42	68.00

II (xxv) *C. 13 (b) Medical benefits*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.83	4.87	5.32	6.22	62.40
Proprietary and Partnership concerns					
Indian	2.90	3.42	3.65	3.48	20.00
Non-Indian	0.65	0.58	1.19	1.07	64.62
All-India	2.15	2.40	2.65	2.57	19.53

II (xxvi) *C. 13 (c) Other labour benefits*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	27.46	30.37	5.28	5.48	–80.05
Proprietary and Partnership concerns					
Indian	0.37	1.00	0.77	0.62	67.57
Non-Indian	2.84	3.13	2.96	2.69	–5.28
All-India	5.19	6.34	2.45	2.15	–58.57

II (xxvii) *C. 14 (a) Bonus to staff*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	0.70	0.97	...	0.90	28.57
Proprietary and Partnership concerns					
Indian	0.36	0.81	0.84	0.39	8.33
Non-Indian	0.14	0.34	0.44	1.12	70.00
All-India	0.33	0.63	0.53	0.81	145.45

II (xxviii) *C. 14 (b) Commission to managers and other senior staff*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	0.77	1.22	...	1.83	137.66
Proprietary and Partnership concerns					
Indian	3.09	4.57	3.48	3.04	-1.62
Non-Indian	5.07	1.18	3.92	2.12	-58.19
All-India	3.53	2.59	3.24	2.46	-30.31

II (xxix) *C. 14 (c) Commission to Managing Directors or Agents and agency allowance*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.17	3.71	0.40	3.52	11.04
Proprietary and Partnership concerns					
Indian	...	...	...	...	...
Non-Indian	0.12	0.23	0.32	0.32	167.67
All-India	0.50	0.66	0.21	0.53	4.00

II (xxx) *C. 15. Bonus to labour*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.14	2.01	1.95	2.32	8.41
Proprietary and Partnership concerns					
Indian	0.33	1.39	1.25	1.10	233.33
Non-Indian	0.86	1.31	1.22	1.21	40.70
All-India	0.80	1.45	1.32	1.28	60.00

II (xxxi) *C. 16. Salaries and allowances to staff (Estate)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	8.94	8.39	7.82	9.66	8.05
Proprietary and Partnership concerns Indian	9.27	12.36	9.87	9.10	-1.83
Non-Indian	3.06	2.80	7.72	7.25	136.93
All-India	6.80	7.63	8.54	8.24	21.18

II (xxxii) *C. 16. Salaries and allowances to staff (Head Office)*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	0.97	0.97	0.60	0.64	-34.02
Proprietary and Partnership concerns Indian	3.18	5.15	4.02	4.35	36.80
Non-Indian	1.13	1.10	0.79	2.09	84.96
All-India	2.07	2.75	1.98	2.84	37.19

II (xxxiii) *C. 17. General and other office expenses (Estate)*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	1.60	2.04	1.77	2.06	28.75
Proprietary and Partnership concerns Indian	7.93	14.60	15.54	9.44	19.04
Non-Indian	5.07	3.59	3.24	3.02	-40.43
All-India	5.91	7.92	7.66	5.49	-7.11

II (xxxiv) *C. 17. General and other office expenses (Head Office)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	0.30	0.57	0.36	0.43	43.33
Proprietary and Partnership concerns					
Indian	3.53	7.27	7.81	4.57	29.46
Non-Indian	5.34	6.28	5.02	7.84	46.82
All-India	3.77	5.84	5.46	5.76	52.79

II (xxxv) *Total general charges*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	55.36	61.65	29.93	39.92	27.89
Proprietary and Partnership concerns					
Indian	34.97	55.82	52.86	42.23	20.76
Non-Indian	46.69	70.30	42.10	46.96	0.58
All-India	42.44	50.73	46.94	46.55	9.68

Source:—Returns from Estates.

ANNEXURE XIII

I. Statement showing cost of production of coffee (mixed-Arabica & Robusta) in various regions

(In Rs. per cwt.)

Region	For reported estates			Costs			Total cost of production	Commission to managing agents	Cost of production excluding commission to managing agents
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
				1950					
Madras	1,266	3,424	2,965	42.14	17.53	51.28	110.95	3.82	107.13
Mysore	2,296	3,824	4,893	45.32	19.41	45.53	110.26	3.31	106.93
T. C. State	633	695	1,019	60.08	20.53	39.45	120.06	...	120.06
Coorg	690	1,704	2,074	42.76	20.46	47.91	111.13	0.50	110.63
All-India	4,885	9,647	10,951	45.35	19.02	46.97	111.34	2.61	108.73
				1951					
Madras	1,266	2,366	2,859	45.44	19.49	57.87	122.80	6.22	116.58
Mysore	2,350	4,651	4,756	68.95	20.64	58.12	147.71	3.89	143.82
T. C. State	633	1,371	1,027	70.07	19.40	48.35	137.82	...	137.82
Coorg	703	2,401	1,357	91.23	15.77	74.32	181.32	...	181.32
All-India	4,952	10,789	9,999	65.36	19.15	59.24	143.75	3.62	140.13

(In Rs. per cwt.)

Region	For reported estates			Costs			Total cost of production	Commission to managing agents	Cost of production excluding commission to managing agents
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
1952									
Madras	1,310	3,323	3,057	46.32	17.24	53.24	116.80	4.63	112.17
Mysore	2,384	5,611	4,753	76.17	22.94	55.34	154.45	3.63	150.82
T. C. State	645	1,575	1,176	68.58	20.00	44.43	133.01	...	133.01
Coorg	728	4,082	2,535	57.78	15.86	55.15	128.79	3.26	125.53
All-India	5,067	14,591	11,521	63.43	19.35	53.62	136.40	3.44	132.96
1953									
Madras	1,238	5,661	3,628	53.52	21.36	53.41	128.29	8.91	119.38
Mysore	2,438	5,812	5,231	77.34	21.53	54.03	152.90	3.30	149.60
T. C. State	652	2,304	1,378	66.15	21.01	48.25	135.41	...	135.41
Coorg	738	2,661	2,625	61.37	17.73	54.68	133.78	...	133.78
All-India	5,066	16,438	12,862	66.17	20.78	53.34	140.29	3.85	136.44

Source : Returns from estates

ANNEXURE XIII

I. *Statement showing item-wise cost of production of coffee (mixed-Arabica & Robusta) in various regions*

I (i) *Planted acreage*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	1,266	1,266	1,310	1,238
Mysore	2,296	2,350	2,384	2,438
T. C. State	633	633	645	652
Coorg	690	703	728	738
All-India	4,885	4,952	5,067	5,066

I (ii) *Crop in cwt. for the year*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	3,424	2,366	3,323	5,661
Mysore	3,824	4,651	5,611	5,812
T. C. State	695	1,371	1,575	2,304
Coorg	1,704	2,401	4,082	2,661
All-India	9,647	10,789	14,591	16,438

I (iii) *Average crop in cwts. during the last six years ending with current year*

Region	1950	1951	1952	1953
1	2	3	4	5
Madras	2,965	2,859	3,057	3,628
Mysore	4,893	4,756	4,753	5,231
T. C. State	1,019	1,027	1,176	1,378
Coorg	2,074	1,357	2,535	2,625
All-India	10,951	9,999	11,521	12,862

I (iv) *A. 1. General field works*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	27.74	28.85	27.57	28.66	3.32
Mysore	25.34	34.95	38.89	34.09	34.53
T. C. State	17.21	25.04	36.09	29.00	68.51
Coorg	13.45	28.41	13.18	16.75	24.53
All-India	22.98	31.30	29.94	28.47	23.89

I (v) *A. 2. Filling in vacancies*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.39	2.10	1.35	0.59	–57.55
Mysore	2.89	5.39	5.60	5.78	100.00
T. C. State	5.74	7.28	6.93	2.18	–55.05
Coorg	6.22	6.33	5.32	5.93	–4.66
All-India	3.38	4.77	4.55	4.01	18.64

I (vi) *A. 3. Manuring*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	9.38	11.91	12.33	19.42	107.04
Mysore	10.96	16.88	18.53	25.00	128.10
T. C. State	24.41	24.01	5.39	18.35	–24.83
Coorg	16.11	40.89	29.85	21.47	33.27
All-India	12.76	19.45	18.04	22.00	72.41

I (vii) *A. 4. Spraying and dusting*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.29	1.82	4.00	3.01	31.44
Mysore	5.34	8.71	10.42	8.97	67.98
T. C. State	9.12	8.98	17.16	12.50	37.06
Coorg	5.92	12.08	7.40	15.16	156.08
All-India	4.97	7.22	8.74	8.93	79.68

I (viii) *A. 5. Other pest control measures*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.34	0.76	1.07	1.84	37.31
Mysore	0.79	3.02	2.73	3.50	343.04
T. C. State	3.60	4.76	3.61	3.72	3.33
Coorg	1.06	3.52	2.03	2.06	94.34
All-India	1.26	2.62	2.16	2.76	119.05

I (ix) *Total Cultivation*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	42.14	45.44	46.32	53.52	27.01
Mysore	45.32	68.95	76.17	77.34	70.65
T. C. State	60.08	70.07	68.58	66.15	10.10
Coorg	42.76	91.23	57.78	61.37	43.52
All-India	45.35	65.36	63.43	66.17	45.91

I (x) *B. 6. Wages for gathering*

(In Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	8.07	10.07	8.32	11.75	45.60
Mysore	9.21	10.65	11.18	11.42	24.00
T. C. State	10.42	10.23	10.06	11.68	12.09
Coorg	10.96	8.30	8.14	9.86	–10.04
All-India	9.20	9.95	9.56	11.32	23.04

I (xi) *B. 7. Other crop gathering charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.45	0.95	0.94	1.82	25.52
Mysore	2.36	2.12	3.17	2.55	8.05
T. C. State	0.25	0.19	0.85	0.60	140.00
Coorg	0.80	0.79	0.34	0.62	–22.50
All-India	1.61	1.33	1.62	1.71	6.21

I (xii) *B. 8. Estate processing*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.24	1.40	1.42	1.13	–8.87
Mysore	1.53	1.54	2.16	1.62	5.89
T. C. State	1.86	1.86	1.49	1.50	–19.35
Coorg	2.42	1.57	1.38	2.29	–5.37
All-India	1.61	1.55	1.70	1.54	–4.35

I (xiii) *B. 9. Transpart to curing works*

(in Rs. per cwt.)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.46	3.32	3.06	2.88	–16.76
Mysore	2.99	2.86	2.90	2.43	–18.73
T. C. State	5.44	4.62	5.23	4.73	–13.05
Coorg	2.53	1.87	2.20	1.37	–45.85
All-India	3.25	2.96	2.99	2.73	–16.00

I (xiv) *B. 10. Curing charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.32	3.75	3.50	3.78	13.86
Mysore	3.32	3.47	3.53	3.51	5.72
T. C. State	2.56	2.50	2.37	2.50	–2.34
Coorg	3.75	3.24	3.80	3.59	–4.27
All-India	3.35	3.36	3.48	3.48	3.88

I (xv) *Total charges for gathering and processing crop*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	17.53	19.49	17.24	21.36	21.85
Mysore	19.41	20.64	22.94	21.53	10.92
T. C. State	20.53	19.40	20.00	21.01	2.34
Coorg	20.46	15.77	15.86	17.73	–13.34
All-India	19.02	19.15	19.35	20.78	9.25

I (xvi) *C. 11. Upkeeep*

(In Rs. per cwt)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	5.25	3.97	4.16	4.60	-12.05
Mysore	5.69	10.55	6.22	10.18	78.91
T. C. State	9.39	12.47	5.01	10.05	7.03
Coorg	9.71	14.13	16.02	13.00	34.00
All-India	6.67	9.35	7.90	9.17	37.48

I (xvii) *C. 12. Depreciation*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.19	5.28	4.49	4.22	32.29
Mysore	0.75	0.83	0.91	0.84	12.00
T. C. State	7.47	10.42	12.50	9.55	27.84
Coorg	4·65	9.84	9.74	9.66	107.74
All-India	2.77	4.31	4.98	4.53	63.54

I (xviii) *C. 13 (a) Recruiting expenses*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.02	0.56	1.23	0.54	—47.06
Mysore	3.08	3.45	3.68	2·57	—16.56
T. C. State	1.53	1.23	2.30	2.94	92.16
Coorg	0.42	1.09	0.47	0.40	—4.76
All-India	1.87	2.08	2.13	1.59	—14.97

I (xix) *C. 13 (b) Medical benifits*

(In Rs. per cwt)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.48	3.87	4.20	5.26	51.15
Mysore	2.19	2.83	3.31	2.72	24.20
T. C. State	1.83	1.70	0.66	2.43	32.79
Coorg	2.09	3.70	1.82	3.60	72.25
All-India	2.49	3.13	2.95	3.58	43.78

I (xx) *C. 13. (c) Other labour benefits*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	11.53	12.27	8.74	4.75	—58.80
Mysore	3.44	4.18	4.70	2.15	—37.50
T. C. State	0.65	0.15	0.25	0.76	16.02
Coorg	1.26	1.93	0.79	1.46	15.87
All-India	4.96	5.77	4.46	2.59	—47.78

I (xxi) *C. 14 (a) Bonus to staff*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.23	1.29	2.42	1.80	46.34
Mysore	1.61	1.99	2.13	1.93	19.87
T. C. State	1.05	1.29	0.85	1.75	66.67
Coorg	0.26	2.22	1.48	1.23	373.08
All-India	1.20	1.76	1.94	1.73	44.17

I (xxii) *C. 14 (b) Commission to managers and other senior staff*

(In Rs. per cwt)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	0.11	0.78	0.20	1.64	159.09
Mysore	2.73	3.35	3.02	2.73	...
T. C. State	...	...	...	...	...
Coorg	0.50	...	3.26	...	—100.00
All-India	1.35	1.81	2.02	1.57	16.29

I (xxiii) *C. 14 (c) Commission to Managing Directors or Agents and agency allowance.*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	3.71	5.44	4.43	7.27	95.96
Mysore	0.58	0.54	0.61	0.57	—1.72
T. C. State	...	...	...	...	...
Coorg	...	...	...	...	...
All-India	1.26	1.81	1.42	2.28	80.95

I (xxiv) *C. 15 Bonus to labour*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.22	2.66	2.10	2.26	18.02
Mysore	2.77	3.55	1.21	1.15	—58.48
T. C. State	2.31	3.48	2.39	2.14	—7.36
Coorg	2.75	4.47	2.63	3.16	14.91
All-India	2.58	3.41	1.88	1.98	—23.26

I (xxv) *C. 16 (a) Salaries and allowances to staff (Estate)*

(In Rs. per cwt)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	15.30	17.40	16.15	15.69	2.55
Mysore	17.33	20.77	22.37	22.54	30.06
T. C. State	11.10	11.17	15.06	13.58	22.34
Coorg	14.54	22.21	12.76	13.85	—4.75
All-India	15.67	19.01	17.86	17.87	14.04

I (xxvi) *C. 16 (b) Salaries and allowances to staff (Head Office)*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	...	...	...	...	...
Mysore	0.16	0.20	0.21	0.20	25.00
T. C. State	...	...	...	...	...
Coorg	0.32	0.70	1.11	1.53	378.13
All-India	0.13	0.19	0.33	0.39	200.00

I (xxvii) *C. 17 (a) General and other office expenses (Estate)*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	2.48	3.15	3.36	3.30	33.06
Mysore	4.73	5.50	6.50	5.88	24.31
T. C. State	4.12	6.44	5.41	5.05	22.57
Coorg	11.26	13.40	3.61	6.24	—44.58
All-India	5.30	6.00	4.92	5.14	—3.02

I (xxviii) *C. 17 (b) General and other office expenses (Head office)*

(In Rs. per cwt)

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	1.78	1.20	1.76	2.08	16.85
Mysore	0.47	0.36	0.46	0.57	21.28
T. C. State	...	...	...	...	...
Coorg	0.15	0.63	0.56	0.53	253.33
All-India	0.72	0.61	0.78	0.92	27.78

I (xxix) *Total General Charges*

Region	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Madras	51.28	57.87	53.24	53.41	4.15
Mysore	45.53	58.12	55.35	54.03	18.67
T. C. State	39.45	48.35	44.43	48.25	22.31
Coorg	47.91	74.32	55.15	54.68	14.13
All-India	46.97	59.24	53.62	53.34	13.56

Source: Returns from estates.

ANNEXURE XIII

II. Statement showing management-wise cost of production relating to both Arabica and Robusta coffee

(In Rs. per cwt.)

Type of ownership/management	For reported estates			Costs			Total cost of production.	Commission to managing agents.	Total cost of production excluding commission to managing agents.
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
			1950						
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	921	2,997	2,468	28.18	17.49	51.43	97.10	4.56	92.54
Indian Managing Agents control Indian	381	274	528	69.07	35.44	86.39	190.90	4.26	186.64
Outside Managing Agents control Private Ltd.-Non- Indian	217	520	582	39.55	12.59	33.81	85.95	4.43	81.52
Proprietary and Partnership concerns Indlan.	1,575	2,482	3,199	60.71	19.22	37.06	116.99	0.26	116.73
Non-Indian	1,791	3,404	4,174	41.50	19.87	48.78	110.15	2.78	107.37
All-India	4,885	9,647	10,951	45.35	19.02	46.97	111.34	2.61	108.73

(In Rs. per cwt.)

Type of ownership/management	For reported estates			Costs			Total cost of production	Commission to managing agents	Cost of production excluding commission to managing agents.
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
			1951						
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	921	2,063	2,354	29.82	19.45	58.38	107.65	7.55	100.10
Indian Managing Agents cnotrol Indian.	396	586	525	99.73	26.58	97.63	223.94	4.29	219.65
Outside Managing Agents control Private Ltd.- Non-Indian.	217	535	515	59.26	19.01	40.66	118.93	6.21	112.72
Proprietary and Partnership concerns Indian	1,575	3,959	2,567	92.43	17.37	55.06	164.86	0.19	164.67
Non-Indian.	1,843	3,646	4,038	62.50	19.73	59.74	141.97	3.10	138.87
All-India.	4,952	10,789	9,999	65.36	19.15	59.24	143.75	3.62	140.13

(In Rs. per cwt.)

Type of ownership/management	For reported estates			Costs			Total cost of production.	Commission to managing agents	Cost of production excluding commission to managing agents.
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2		4	5	6	7	8	9	10
				1952					
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	965	2,510	2,503	36.24	17.96	54.26	108.46	5.66	102.80
Indian Managing Agents control Indian.	393	976	655	78.17	23.62	73.73	175.52	3.44	172.08
Outside Managing Agents control Private Ltd.-Non-Indian.	217	547	568	66.45	18.43	47.89	132.77	6.06	126.71
Proprietary and Partnership concerns Indian.	1,587	4,695	3,613	65.13	13.43	45.98	129.54	0.24	129.30
Non-Indian.	1,902	5,863	4,182	75.54	21.04	57.50	154.08	4.53	149.55
All-India.	5,067	14,591	11,521	63.43	19.35	53.62	136.40	3.44	132.96

(In Rs. per cwt.)

Type of ownership/management	For reported estates			Ccs's			Total cost of production.	Commission to managing agents.	Cost of production excluding commission to managing agents.
	Acreage	Production for the year (in cwts.)	6 yearly average production (in cwts.)	Cultivation (A)	Gathering crop (B)	General charges (C)			
1	2	3	4	5	6	7	8	9	10
1953									
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian.	980	4,814	2,970	48.24	22.10	55.40	125.74	10.89	114.85
Indian Managing Agents control Indian.	396	447	597	97.63	24.12	78.13	199.88	3.77	196.11
Outside Managing Agents control Private Ltd.-Non-Indian.	217	693	614	83.59	17.62	49.19	144.40	4.25	140.15
Proprietary and Partnership concerns Indian.	1,517	5,673	4,090	68.28	18.19	43.09	129.56	0.23	129.33
Non-Indian.	1,956	4,811	4,591	69.48	22.67	59.35	151.50	2.49	149.01
All-India.	5,066	16,438	12,862	66.17	20.78	53.34	140.29	3.85	136.44

Source :—Returns from estates.

ANNEXURE XIII

II. *Statement showing item-wise cost of production according to types of management (relating to both Arabica and Robusta coffee)*

II (i) *Planted acreage*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	921	921	965	980
Indian Managing Agents control Indian	381	396	396	396
Outside Managing Agents control Private Ltd.-Non-Indian	217	217	217	217
Proprietary and Partnership concerns Indian	1,575	1,575	1,587	1,517
Non-Indian	1,791	1,843	1,902	1,956
All-India	4,885	4,952	5,067	5,066

II (ii) *Crop in cwts. for the year*

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	2,967	2,063	2,510	4,814
Indian Managing Agents control Indian.	274	586	976	447
Outside Managing Agents cantrol Private Ltd.-Non-Indian.	520	535	547	693
Proprietary and Partnership concerns Indian.	2,482	3,959	4,695	5,673
Non-Indian.	3,404	3,646	5,863	4,811
All-India.	9,647	10,789	14,591	16,438

II (iii) *Average crop during the last six years ending with current year.*

(In cwts)

Type of ownership/management	1950	1951	1952	1953
1	2	3	4	5
Non-Indian Managing Agents control				
Partly Indian and Partly Non-Indian	2,463	2,354	2,503	2,970
Indian Managing Agents control				
Indian.	528	525	655	597
Out-side Managing Agents control				
Private Ltd.-Non-Indian.	582	515	568	614
Proprietary and Partnership concerns				
Indian.	3,199	2,567	3,613	4,090
Non-Indian.	4,174	4,038	4,182	4,591
All-India.	10,951	9,999	11,521	12,862

II (iv) *A. I. General field works.*

(In Rs. per cowt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	12.20	11.13	14.77	18.83	54.34
Indian Managing Agents control					
Indian.	53.40	53.12	48.93	54.00	1.12
Outside Managing Agents control					
Private Ltd.-Non-Indian.	25.06	28.06	27.49	34.16	36.31
Proprietary and Partnership concerns					
Indian.	32.36	45.77	36.53	30.92	-4.45
Non-Indian.	18.03	30.14	30.70	28.48	57.96
All-India.	22.98	31.30	29.94	28.47	23.89

II (v) *A. 2. Filling in vacancies*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian.	1.18	2.12	0.93	0.44	-62.71
Indian Managing Agents control Indian.	......	......	2.14	5.84	....
Outside Managing Agents control Private Ltd.-Non-Indian.	2.44	4.07	3.54	4.23	73.36
Proprietary and Partnership concerns Indian.	5.00	6.41	5.01	3.44	—31.20
Non-Indian.	4.00	5.74	6.82	6.55	63.75
All-India.	3.38	4.77	4.55	4.01	18.64

II (vi) *A. 3. Manuring*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950.
1	2	3	4	5	6
Non-Indian Managing Agents control Partly Indian and Partly Non-Indian	10.56	13.57	14.46	23.14	119.13
Indian Managing Agents control Indian.	13.23	4.94	21.76	27.34	106.65
Outside Managing Agents control Private Ltd.-Non-Indian.	5.57	12.83	17.92	27.08	386.18
Proprietary and Partnership concerns Indian.	16.15	27.76	13.39	22.00	36.22
Non-Indian.	12.40	14.99	23.63	19.89	60.40
All-India.	12.76	19.45	18.04	22.00	72.41

II (vii) *A. 4. Spraying and dusting*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.75	2.20	4.88	3.68	33.82
Indian Managing Agents control					
Indian	...	...	...	5.38	...
Outside Managing Agents control					
Private Ltd.-Non-Indian	4.59	9.57	14.25	11.78	15.66
Proprietary and Partnership concerns					
Indian	5.78	9.39	8.86	10.28	77.85
Non-Indian	6.34	9.04	11.56	11.20	76.66
All-India	4.97	7.22	8.74	8.93	79.63

II (viii) *A. 5. Other pest control measures*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.49	0.80	1.20	2.15	44.30
Indian Managing Agents control					
Indian	2.44	5.67	5.29	5.07	107.79
Outside Managing Agents control					
Private Ltd.-Non-Indian	1.89	4.73	3.25	6.34	235.40
Proprietary and Partnership concerns					
Indian	1.42	3.12	1.34	1.64	15.49
Non-Indian	0.73	2.59	2.83	3.36	360.27
All-India	1.26	2.62	2.16	2.76	119.05

II (ix) *Total cultivation*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	28.18	29.82	36.24	43.24	71.19
Indian Managing Agents control					
Indian	69.07	99.73	78.19	97.63	41.35
Outside Managing Agents control					
Private Ltd.-Non-Indian	39.55	59.26	66.45	83.59	111.35
Proprietary and Partnership concerns					
Indian	60.71	92.45	65.13	63.28	12.47
Non-Indian	41.50	62.50	75.54	69.48	67.42
All-India	45.35	65.36	63.43	66.17	48.03

II (x) *B. 6. Wages for gathering*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	8.01	10.46	9.02	12.44	55.31
Indian Managing Agents control					
Indian	22.35	17.57	13.52	14.85	–33.56
Outside Managing Agents control					
Private Ltd.-Non-Indian	5.80	11.78	10.78	10.12	74.43
Proprietary and Partnership concerns					
Indian	9.27	8.45	8.58	9.33	0.65
Non-Indian	9.65	9.80	9.80	12.40	28.50
All-India	9.20	9.95	9.56	11.32	23.04

II (xi) *B. 7. Other crop gathering charges*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.34	0.64	0.61	1.78	32.84
Indian Managing Agents control					
Indian	2.54	0.57	1.44	0.86	-66.14
Outside Managing Agents control					
Private Ltd.-Non-Indian	0.69	0.72	1.30	0.68	-1.45
Proprietary and Partnership concerns					
Indian	1.08	1.16	1.20	1.01	-6.48
Non-Indian	2.34	2.10	2.43	2.70	16.38
All-India	1.61	1.33	1.62	1.71	6.21

II (xii) *B. 8. Estate processing*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.02	1.14	1.30	1.03	9.80
Indian Managing Agents control					
Indian	3.71	2.00	2.23	3.34	-9.97
Outside Managing Agents control					
Private Ltd.-Non-Indian	0.84	1.47	1.04	1.32	57.14
Proprietary and Partnership concerns					
Indian	1.93	1.40	1.47	1.50	-22.28
Non-Indian	1.83	1.90	2.03	1.98	8.20
All-India	1.61	1.55	1.70	1.54	-4.35

II (xiii) *B. 9. Transport to curing works*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.78	3.59	3.55	3.11	–17.72
Indian Managing Agents control					
Indian	3.35	2.81	2.70	2.06	-38.51
Outside Managing Agents control					
Private Ltd.-Non-Indian	1.89	1.60	1.67	1.76	–6.88
Proprietary and Partnership concerns					
Indian	3.50	3.40	3.70	3.32	–5.14
Non-Indian	2.81	2.36	2.35	1.86	–33.81
All-India	3.25	2.96	2.99	2.73	–16.00

II (xiv) *B. 10. Curing charges*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.34	3.62	3.45	3.74	11.98
Indian Managing Agents control					
Indian	3.49	3.63	3.73	3.01	–13.75
Outside Managing Agents control					
Private Ltd.-Non-Indian	3.37	3.44	3.64	3.74	10.98
Proprietary and Partnership concerns					
Indian	3.44	2.96	3.48	3.03	–11.92
Non-Indian	3.26	3.57	3.43	3.73	14.42
All-India	3.35	3.36	3.48	3.48	3.88

II (xv) *Total charges for gathering and processing crop*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	17.49	19.45	17.96	22.10	26.36
Indian Managing Agents control					
Indian	35.44	26.58	23.62	24.12	-31.94
Outside Managing Agents control					
Private Ltd.-Non-Indian	12.59	19.01	18.43	17.62	39.95
Proprietary and Partnership concerns					
Indian	19.22	17.37	18.43	18.19	-5.36
Non-Indian	19.87	19.73	21.04	22.67	14.09
All-India	19.02	19.15	19.35	20.78	9.25

II (xvi) *C. 11. Upkeep*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.42	3.19	3.60	4.05	18.42
Indian Managing Agents control					
Indian	21.98	26.45	14.24	15.71	-28.53
Outside Managing Agents control					
Private Ltd.-Non-Indian	2.91	2.57	7.85	2.59	-11.00
Proprietary and Partnersdip concerns					
Indian	9.51	11.72	9.45	7.77	-18.30
Non-Indian	5.00	10.07	8.17	13.74	174.80
All-India	6.67	9.35	7.90	9.17	37.48

II (xvii) *C. 12. Depreciation*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.23	5.78	4.89	4.65	43.96
Indian Managing Agents control					
Indian	5.32	5.92	5.63	5.42	1.88
Outside Managing Agents control					
Private Ltd.-Non-Indian	1.46	1.66	1.14	1.87	28.03
Proprietary and Partnership concerns					
Indian	4.51	8.01	8.22	6.72	49.00
Non-Indian	1.04	1.22	2.67	2.73	162.50
All-India	2.77	4.31	4.98	4.53	63.53

II (xviii) *C. 13 (a) Recruiting expenses*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.21	0.66	1.37	0.55	-54.55
Indian Managing Agents control					
Indian	13.72	15.60	10.85	9.17	-33.17
Outside Managing Agents control					
Private Ltd.-Non-Indian	0.36	0.41	0.37	...	-100.00
Proprietary and Partnership concerns					
Indian	0.77	1.09	1.17	1.32	71.43
Non-Indian	1.82	1.98	2.43	1.74	-4.40
All-India	1.87	2.08	2.18	1.59	-14.97

II (xix) *C. 13 (b) Medical benefits*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	3.87	4.30	4.79	6.10	57.62
Indian Managing Agents control					
Indian	7.61	9.62	8.21	9.34	22.73
Outside Managing Agents control					
Private Ltd.-Non Indian	0.70	0.43	0.79	0.73	4.29
Proprietary and Partnership concerns					
Indian	1.42	1.97	1.06	1.83	28.87
Non-Indian	2.09	2.70	2.95	3.18	50.72
All-India	2.49	3.13	2.95	3.58	43.78

II (xx) *C. 13 (c) Other labour benefits*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	11.78	12.75	8.43	3.48	–70.46
Indian Managing Agents control					
Indian	3.45	4.36	3.20	2.56	–25.79
Outside Managing Agents control					
Paivate Ltd.-Non-Indian	0.07	0.57	0.36	0.65	828.57
Proprietary and Partnership concerns					
Indian	2.60	2.81	2.19	2.65	19.23
Non-Indian	3.60	4.42	4.89	2.24	–37.78
All-India	4.96	5.77	4.46	2.59	–47.78

II (xxi) *C. 14 (a) Bonus to staff*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	1.04	1.10	2.51	1.83	75.96
Indian Magaging Agents control					
Indian	0.66	1.69	1.43	1.43	116.67
Outside Managing Agents control					
Private Ltd.-Non-Indian	3.18	4.48	4.07	3.97	24.84
Proprietary and Partnership concerns					
Indian	1.00	2.48	1.89	1.84	84.00
Non-Indian	1.24	1.33	1.40	1.31	5.65
All-India	1.20	1.76	1.94	1.73	44.17

II (xxii) *C. 14 (b) Commission to Managers and other senior staff*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	0.14	0.95	0.25	2.00	1328.57
Indian Managing Agents control					
Indian	...	...	...	...	...
Outside Managing Agents control					
Private Ltd.-Non-Indian	3.91	5.61	5.50	3.82	–2.30
Proprietary and Partnership concerns					
Indian	0.16	0.19	0.14	0.12	–25.00
Non-Indian	2.78	3.10	4.53	2.49	-10.43
All-India	1.35	1.81	2.02	1.57	16.30

II (xxiii) *C. 14 (c) Commission to Managing Director or Agents & Agency allowance*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	4.44	6.60	5.41	8.89	100.23
Indian Managing Agents control					
Indian	4.26	4.29	3.44	3.77	-11.50
Outside Managing Agents control					
Private Ltd.-Non-Indian	0.52	0.69	0.47	0.43	-17.31
Proprietary and Partnership concerns					
Indian	0.10	...	0.10	0.11	10.00
Non-Indian	...	...	...	...	...
All-India	1.26	1.81	1.42	2.28	80.95

II (xxiv) *C. 15. Bonus to labour*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.47	3.01	2.21	2.47	...
Indian Managing Agents control					
Indian	...	...	...	...	...
Outside Managing Agents control					
Private Ltd -Non-Indian	1.23	1.64	1.51	1.62	31.71
Proprietary and Partnership concerns					
Indian	1.19	2.21	1.62	1.62	36.13
Non-Indian	4.21	5.08	2.26	2.29	-45.61
All-India	2.53	3.41	1.88	1.93	-23.26

II (xxv) *C. 16 (a) Salaries and allowances to staff (Estate)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	14.83	14.88	14.66	14.93	0.67
Indian Managing Agents control					
Indian	21.70	22.66	19.88	22.86	5.35
Outside Managing Agent's control					
Private Ltd.-Non-Indian	12.18	15.05	17.24	21.55	76.93
Proprietary and Partnership concerns					
Indian	13.17	19.80	16.49	15.36	16.63
Non-Indian	17.81	20.94	20.73	20.88	17.24
All-India	15.67	19.01	17.86	17.87	14.04

II (xxvi) *C. 16 (b) Salaries and allowances to staff (Head Office)*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	...	...	...	...	...
Indian Managing Agents control					
Indian	1.03	1.38	1.17	1.34	30.10
Outside Managing Agents control					
Private Ltd.-Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns					
Indian	0.08	0.09	0.07	0.06	-225.00
Non-Indian	0.16	0.24	0.67	0.88	450.00
All-India	0.13	0.19	0.33	0.39	200.00

II (xxvii) *C. 17 (a) General and other office expenses (Estate)*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.98	3.83	4.11	4.05	35.91
Indian Managing Agents control					
Indian	2.78	2.86	2.65	2.32	-16.55
Outside Managing Agents control					
Private Ltd.-Non-Indian	7.29	7.64	8.50	5.96	-18.24
Proprietary and Partnership concerns					
Indian	2.39	4.43	3.44	3.48	45.61
Non-Indian	8.95	8.45	6.56	7.58	-15.37
All-India	5.30	6.00	4.92	5.14	-3.02

II (xxviii) *17 (b) General and other office expenses (Head Office)*

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	2.02	1.33	2.03	2.40	18.81
Indian Managing Agents control					
Indian	3.88	2.80	2.98	4.21	8.51
Outside Managing Agents control					
Private Ltd.-Non-Indian	...	...	...	...	...
Proprietary and Partnership concerns					
Indian	0.16	0.23	0.14	0.21	31.25
Non-Indian	0.08	0.21	0.34	0.30	27.50
All-India	0.72	0.61	0.78	0.92	27.78

II (xxix) *Total general charges*

(In Rs. per cwt.)

Type of ownership/management	1950	1951	1952	1953	Percentage rise or fall in 1953 over 1950
1	2	3	4	5	6
Non-Indian Managing Agents control					
Partly Indian and Partly Non-Indian	51.43	53.38	54.26	55.40	7.72
Indian Managing Agents control					
Indian	86.39	97.63	73.73	78.13	-9.56
Outside Managing Agents control					
Private Ltd.-Non-Indian	33.81	40.66	47.89	43.19	27.74
Proprietary and Partnership concerns					
Indian	37.06	55.06	45.93	43.09	16.27
Non-Indian	48.78	59.74	57.50	59.35	21.67
All-India	46.97	59.24	53.62	53.34	13.56

Source:—Returns from estates.

ANNEXURE XIV

A. ***Statement showing total permanent labour employed and attendance in reporting coffee companies in different regions.***

Region	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference between total employd and total attended as a % of total employed
			Men	Women	Adolescent	Children	*Total	Men	Women	Adolescent	Children	*Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1951													
Madras	21	11,870	3,969	3,451	265	373	8,088	2,262	1,831	147	201	6,866	15.11
Mysore	12	3,516	1,046	1,224	9	236	2,515	512	645	...	123	2,020	19.69
Coorg	14	3,626	1,108	1,007	38	243	2,827	587	514	23	70	2,276	3.58
T. C. State	2	840	282	239	...	50	571	151	135	...	22	473	17.17
Total	49	19,852	6,405	5,921	312	902	14,001	3,512	3,125	170	416	11,635	16.90
1952													
Madras	21	11,870	4,172	3,091	316	408	8,587	2,471	1,950	162	210	7,164	16.58
Mysore	12	3,516	1,053	1,224	38	265	2,580	512	625	22	136	2,047	20.67
Coorg	14	3,626	1,431	1,272	42	264	3,069	595	500	29	71	2,213	26.46
T. C. State	2	840	273	248	13	38	572	115	93	10	8	487	14.87
Total	49	19,852	6,929	6,435	409	975	14,748	3,693	3,168	223	425	11,911	19.24

ANNEXURE XIV

A. Statement showing total permanent labour employed and attendance in reporting coffee companies in different regions.

Region	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference between total employed & total attended as a % of total employed
			Men	Women	Adolescent	Children	*Total	Men	Women	Adolescent	Children	*Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1953													
Madras	21	11,870	4,138	3,675	305	341	8,459	2,520	2,040	153	195	7,186	15.05
Mysore	12	3,516	1,053	1,132	101	261	2,547	510	549	43	153	2,068	18.81
Coorg	14	3,626	1,421	1,303	28	268	3,020	619	494	19	79	2,228	26.23
T. C. State	2	840	220	186	8	22	436	93	76	6	8	395	9.41
Total	49	19,852	6,832	6,296	442	892	14,462	3,742	3,159	221	435	11,877	17.67
1954													
Madras	21	11,870	4,085	3,889	227	312	8,513	2,467	2,062	118	159	7,131	16.24
Mysore	12	3,516	994	1,071	81	230	2,376	476	535	26	134	2,017	15.11
Coorg	14	3,626	1,437	1,278	30	180	2,925	619	500	16	68	2,249	23.12
T. C. State	2	840	205	173	8	21	407	91	76	5	7	374	8.11
Total	49	19,852	6,721	6,411	346	743	14,221	3,653	3,173	165	368	11,771	17.23

*The total will not agree with the break-ups since the total includes these companies who have not given any break-up.
(Source :—Returns from estates.)

ANNEXURE XIV

B. *Table showing total permanent labour and attendance in reporting companies according to types of management.*

1951

Type of Ownership/ Management	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference betwen total employed and total attended as a % of total employed
			Men	Women	Adolescent	Children	*Total	Men	Women	Adolescent	Children	*Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Sterling Companies	2	1,914	647	517	...	166	1,330	256	164	...	16	1,191	10.45
Non-Indian Managing Agents Control. Non-Indian	3	771	336	274	...	70	680	188	169	...	46	563	16.47
Partly Indian & Partly Non-Indian	7	5,618	2,789	2,450	223	279	5,741	1,943	1,606	147	178	4,705	18.04
Indian Managing Agents Control. Indian	4	3,440	673	687	31	119	1,540	..	...	...	...	1,362	11.56
Outside Managing Agents Control. Private Ltd. Non-Indian Control	4	992	301	409	3	40	753	193	265	...	36	613	18.59
Proprietary & Partnership Concerns. Indian	24	5,646	1,337	1,230	42	187	3,227	737	710	15	103	2,378	20.11
Non-Indian	5	1,441	322	354	13	41	730	195	211	8	37	618	15.34
Total	49	19,852	6,405	5,921	312	902	14,001	3,512	3,125	170	416	11,635	16.90

1952

Types of Ownership/ Management	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference between total employed and total attended as a % of total employed
			Men	Women	Adolescent	Children	* Total	Men	Women	Adolescent	Children	* Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Sterling Companies	2	1,944	790	573	...	158	1,521	281	177	...	25	1,193	21.56
Non-Indian Managing Agents Control													
Non-Indian	3	771	342	308	8	66	724	155	144	7	31	598	17.40
Partly Indian & Partly Non-Indian	7	5,618	2,895	2,579	244	297	6,015	1,977	1,590	152	175	4,777	20.69
Indian Managing Agents Control													
Indian	4	3,440	824	828	61	137	1,850	158	724	10	...	1,658	10.37
Outside Managing Agents Control													
Private Ltd.-Non-Indian Control	4	992	296	397	18	59	770	190	266	15	52	631	18.05
Proprietary & Partnership concerns													
Indian	24	5,646	1,436	1,357	58	203	3,054	720	655	24	92	2,395	21.57
Non-Indian	5	1,441	246	393	20	55	814	212	212	15	50	659	19.04
Total	49	19,852	6,929	6,435	409	975	14,748	3,693	3,168	223	425	11,911	19.24

1953

Types of Ownership/ Management	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference between total employed and total attended as a % of total employed
			Men	Women	Adolescent	Children	* Total	Men	Women	Adolescent	Children	* Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Sterling Companies	2	1,944	786	698	...	153	1,637	286	203	...	28	1,266	22.66
Non-Indian Managing Agents Control Non-Indian	3	771	331	300	6	60	697	167	152	5	37	573	17.79
Partly Indian & Partly Non-Indian	7	5,618	2,868	2,588	223	259	5,938	2,032	1,678	142	158	4,922	17.11
Indian Managing Agents Control Indian	4	3,440	768	741	103	82	1,694	140	90	9	...	1,503	11.27
Outside Managing Agents Control Private Ltd.-Non-Indian Control	4	992	287	327	16	51	681	191	220	13	48	580	14.83
Proprietary & Partnership Concerns Indian	24	5,646	1,422	1,264	77	217	2,980	702	596	37	100	2,328	21.87
Non-Indian	5	1,441	370	378	17	70	835	224	220	15	64	705	15.56
Total	49	19,852	6,832	6,296	442	892	14,462	3,742	3,159	221	435	11,877	17.87

1954

Types of Ownership/ Management	No. of Cos.	Planted Acreage	Number employed					Number attended					Difference between total employed an total attended as a % of total employed
			Men	Women	Adolescent	Children	* Total	Men	Women	Adolescent	Children	* Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Sterling Companies	2	1,944	776	669	...	47	1,492	282	211	...	16	1,269	14.94
Non-Indian Managing Agents Control													
Non-Indian	3	771	266	230	4	49	549	141	127	3	29	495	9.83
Partly Indian & Partly Non-Indian	7	5,618	2,882	2,636	200	233	5,951	1,977	1,678	114	135	4,838	18.70
Indian Managing Agents Control													
Indian	4	3,44[illegible]	724	897	62	94	1,777	136	105	4	...	1,579	11.14
Outside Managing Agents Control													
Private Ltd.-No-Indian Control	4	992	269	314	7	45	635	183	218	6	39	557	12.28
Proprietary & Partnership Concerns													
Indian	24	5,646	1,443	1,262	64	210	2,979	702	601	30	88	2,312	22.39
Non-Indian	5	1,441	361	403	9	65	838	232	233	8	61	721	13.96
Total	49	19,852	6,721	6,411	346	743	14,221	3,653	3,173	165	368	11,771	17.23

Note :— * The total will not agree with the break-ups since the total includes those companies who have not given any break-up.

ANNEXURE XV

I. *Statement showing labour (Permanent & Temporary) employed per acre in different coffee regions.*

Region	No. of cos./concern	Planted Acreage	1951		1952		1953		1954	
			Total labour (Temporary &permanent)	Labour Per acre	Total labour (Temporary &permanent)	Labour per acre	Total Labour (Temporary & Permanent)	Labour per acre	Total Labour (Temporary & Permanent)	Labour per acre
1	2	3	4	5	6	7	8	9	10	11
Madras.	24	12,699	8,830	0.70	9,280	0.73	9,254	0.73	9,366	0.74
Mysore.	22	7,169	4,328	0.60	4,412	0.61	4,330	0.61	4,362	0.61
Coorg.	20	5,099	3,952	0.78	4,122	0.81	4,251	0.83	3,937	0.77
T. C. State	2	840	575	0.68	581	0.69	516	0.61	455	0.56
Total (All-India)	68	25,807	17,635	0.69	18,395	0.71	18,491	0.71	18,120	0.72

II. *Table showing labour (permanent) employed per acre in the coffee regions.*

Region	No. of cos./concern	Planted Acreage	1951		1952		1953		1954	
			Total Labour (Permnanent)	Labour per acre	Total Labour (Permanent)	Labour per acre	Total Labour (Permanent)	Labour per acre	Total Labour (Permanent)	Labour per acre
1	2	3	4	5	6	7	8	9	10	11
Madras.	24	12,699	8,542	0.67	9,022	0.71	8,864	0.70	8,925	0.70
Mysore.	22	7,169	4,323	0.60	4,412	0.61	4,380	0.61	4,362	0.61
Coorg.	20	5,099	3,952	0.78	4,122	0.81	4,251	0.83	3,937	0.77
T. C. State.	2	840	571	0.67	572	0.68	436	0.52	407	0.48
All-India.	68	25,807	17,393	0.67	18,128	0.70	17,931	0.69	17,631	0.68

ANNEXURE XV

III. *Table showing labour (Permanent & Temporary) per acre in Madras State.*

(Management-wise)

Type of Ownership/ Management	No. of Cos./concerns.	Planted Acreage	1951		1952		1953		1954	
			Total labour (Temporary & Permanent)	Labour per acre	Total labour (Temporary & Permanent)	Labour per acre	Total Labour (Temporary & Permanent)	Labour per acre	Total Labour (Temporary & Permanent)	Labour per acre
1	2	3	4	5	6	7	8	9	10	11
Sterling.	1	842	439	0.58	557	0.66	601	0.71	579	0.69
Partly Indian & Partly Non-Indian under Non-Indian Managing Agents Control.	5	4,903	5,438	1.12	5,603	1.14	5,664	1.16	5,735	1.17
Indian Managing Agent Control Indian.	3	3,383	1,455	0.43	1,797	0.53	1,634	0.48	1,727	0.51
Outside Managnig Agents Control. Private Limited-Non-Indian	1	212	136	0.64	131	0.62	131	0.62	133	0.63
Proprietary/Partnership Concerns. Indian.	11	2,784	939	0.36	919	0.33	961	0.35	930	0.33
Non-Indian	3	575	283	0.49	268	0.47	263	0.46	262	0.46
Total	24	12,699	8,830	0.70	9,280	0.73	9,254	0.73	9,366	0.74

(Source : Returns from estates.)

ANNEXURE XV-A

Extracts of evidence of the Coorg Planters' Association on the working of Labour Acts

Each and every Act requires a different set of forms to be submitted and the information submitted in the forms required under the Minimum Wages Act and other Acts is duplicated by the copious forms required by the Plantation Labour Act, etc.

90% of the difficulties experienced by coffee planters is in filling in these copious forms and in trying to interpret all the various Acts which now cover the plantation industry. It would indeed be a great blessing to the planting community if Government could frame one comprehensive Plantation Labour Act.

The Industrial Employment Standing Orders Act, 1946.

It is felt that under present conditions as they stand at present they lead to considerable ill-discipline on estates in that the powers for disciplinary action are limited to three days' suspension or dismissal. There are many instances where offences do not require dismissal but where three days' suspension is an entirely inadequate punishment.

It is difficult for illiterate labourers to understand the meaning of the Act, and therefore, in many cases they do not abide by the Act in as far as it affects them.

The Industrial Disputes Act

Works Committees: These Committees are a most useful and necessary adjun in employer/labour relations and our experience is that they work very satisfactorily.

(a) Consiliation proceedings are conducted satisfactorily through a proper Government Department and officers. There have been indications that labo r have abused the concil'ation services which are offered by Government in putting forward what are often trumped up charges purely to give trouble to the management or more often in an attempt to malign individual subordinate officers in the eyes of the employer This tendency has, we fear, been exaggerated unwittingly by Government Officers themselves who in their zeal to be of the maximum use have tended to pre-judge complaints made against employers and have often interfered with matters which more rightly should have been dealt with by the Works Committees. So long as the opinion is held that Conciliation Officers welcome complaints, so long will they continue to receive them in large numbers.

In our opinion, the usefulness of conciliation proceedings would be greatly enhanced if the conciliation officer's contacts in the first place were entirely through the Works Committees and that only after the Works Committees had failed to reach a satisfactory decision should he take further action.

2. *Table showing industrial disputes resulting in work stoppages involving 10 workers or more.*

Region	*Year*	*No.*	*No. of Workers involved*	*No. of man days lost*
Madras	1952-53	3	814	4,092
	1953-54	5	3,974	26,411

Industrial disputes by causes

Region	Year	Wages	Bonus	Personal	Time & hours of work	Others	Total
Mysore							
	1952	4	1	...	...	...	5
	1953	2	1	1	...	2	6
	1954	7	...	...	...	3	10
Madras							
	1952-53	1	2	2	1	5	11
	1953-54	2	1	5	2	12	22
	1954-55	4	2	6	4	3	19

4. *Conciliation and Tribunals*

Mysore :—

In general conciliation is successful to a considerable extent in plantation industry. No dispute has been referred to the Tribunal.

Coorg :—

A Board of conciliation was constituted in 1952 in respect of one dispute. Other than this there has not been any case referred to a Board during the last 3 years nor was there any necessity for the creation of Boards of conciliation.

	1952-53		*1953-54*		*1954-55*	
	Mysore	*Coorg*	*Mysore*	*Coorg*	*Mysore*	*Coorg*
1. No. of conciliations undertaken	5	157	6	340	10	440
2. No. in which memorandum of settlement sent to Government	2	81	4	163	10	273
3. No. in which settlement could not be arrived at	3	60	2	72	...	100
4. How many reports not sent within 14 days	...	14	...	105	...	67
5. How many recorded by Government	...	60	...	72	...	100
6. How Many sent to Tribunal or Board	...	1 (Board)	...	...	...	2 (Tribunal)

(Source: State Governments concerned)

ANNEXURE XVI

Statement showing amounts disbursed by Coffee Board to various financing agencies on growers' account.

(Amounts in thousand Rs.)

YEAR	BIG GROWERS								SMALL GROWERS							
	Banks		Curers		Private Money Lenders		Total		Fanks		Curers		Private Money Lender		Total	
	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount	Number of growers	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1951-52	109	33,13 (37.5)	152	55,01 (62.3)	4	16 (0.2)	265	88,30 (100)	3	26 (36.6)	...	...	75	45 (63.4)	10	71 (100)
1952-53	95	8,60 (16.1)	139	43,17 (80.6)	18	1,76 (3.3)	252	53,53 (100)	3	14 (28.6)	...	...	19	35 (71.4)	22	49 (100)
1953-54	106	49,01 (79.5)	39	10,36 (16.8)	15	2,29 (3.7)	160	61,66 (100)	5	17 (15.6)	...	...	48	92 (84.4)	53	1,09 (100)

Note :—Figures in brackets are percentages.

Source : Coffee Board.

ANNEXURE XVII

Table showing loans advanced by coffee curers.

A—1951—1952

(Amounts in '000' Rs.)

Name of Companies	No. of growers taking loans and amounts taken.								Amounts paid for value of coffee delivered to the pool by the growers who had taken loans								Average percentage of interest and commission received for the year		Total
	25 Acre & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Non Indian																			
A	...	...	2	3	...	...	2	3	..	...	2	32	..	.	2	32	7.0	..	7.0
B	72	79	26	3,98	9	2,88	107	7,65	72	2,72	26	7,70	9	6,18	107	16,60	6.24	0.63	6.87
C	3	16	32	2,41	40	8,20	75	10,77	3	17	32	4,43	40	17.20	75	21,80	7.00	0.50	7.50
D	6	11	1	3	....	..	7	14	6	18	1	4	..	..	77	22	6.60	...	6.60
E	98	54	38	2,62	60	29.49	196	32,65	98	97	38	5,95	6	76,46	196	83,38	1.50	0.74	2.24
F	4	9	13	1.02	1	18	18	1.29	4	11	13	1,37	1	23	18	1,71	6.25 to 8.00	...	6.25 8.00
G	613	4,39	34	4,60	14	14,13	661	23,12	613	5,12	34	4,92	14	17.21	661	27,25	6.00	1.00	7.00
H	2	1	7	70	2	28	11	99	1	1	14	2,38	4	1,72	19	4,11	9.00	..	9.00
Total	798	6,09	153	15,39	126	55,16	1077	76,64	797	9,28	160	27,11	12	1,19,00	1085	1,55.39	...	...	...

ANNEXURE XVII

Table showing loans advanced by coffee curers (Contd.)

A-1951—1952

(Amounts in '000' Rs.)

Name of Companies	No. of growers taking loans and amonnts taken.								Amounts paid for value of coffee delivered to the pool by the growers who had taken loans								Average percentage of interest and commission received for the year		Total
	25 Acre & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Indian																			
I	231	2,06	43	97	7	42	281	3,45	211	2,75	38	1,81	3	58	252	5,14	6.50	...	6.50
J	364	3,29	221	2,65	8	80	593	6,74	564	6,56	50	4,06	...	*	1614	10,62	6.50	2.40	8.90
K	3	12	...	**	50	11,04	53	11,16	3	13	...	**	50	10,19	53	10,32	1.90	0.008	1.908
L	146	2,53	22	1,93	27	8,65	195	13,11	146	2,46	22	1,69	27	8,43	195	12,58	7.5 to 12.0	...	7.5 to 12.0
M	282	1,55	25	3,73	..	...	307	5,27	282	2,71	25	2,46	...	..	307	5,17	3.00	1.00	4.00
Total	1026	9,55	311	9,28	92	20.91	1429	39,74	1206	14,61	135	10,02	80	19,20	1421	43,83	...	...	...
Grand Total	1824	15,64	464	24,67	218	76,07	2506	1,16,38	2003	23,89	295	37,13	208	1,38,20	2506	1,99,22	...	...	...

*Figures are included in the column "less than 100 acres".

**Figures are included in the column "100 acres and above"

(Source:- Returns received from coffee curers.)

ANNEXURE XVII

Table showing loans advanced by coffee curers

B–1952—1953

(Amounts in '000' Rs.)

Name of Companies	No. of growers taking loans and amounts taken.								Amounts paid for value of coffee delivered to the pool by the growees who had taken loans								Average percentage of interest and commission received for the year		Total
	25 Acres & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Non-Indian A	...	...	5	19	1	6	6	25	...	.	5	55	1	1,17	6	1,72	6.00	...	6.00
B	57	1,23	39	4.69	9	3,27	105	9,19	57	3,40	39	6,63	9	6,00	105	16,03	6.93	0.57	7.50
C	3	11	31	2,18	46	10,06	80	12,35	3	20	31	3,34	46	14,82	80	18,36	7.00	0.50	7.50
D	16	33	8	43	4	2,23	28	2,99	16	63	8	1,03	4	4,64	28	6,30	6.20	...	6.20
E	3	6	12	1,02	2	31	17	1,39	3	7	12	1,41	2	60	17	2,08	6.25to 8.00	...	6.25to 8.00
F	108	71	44	3,63	56	45,59	208	49,93	108	1,06	44	9,64	56	96,06	208	1,06,76	1.46	0.40	1.86
G	636	5,92	31	5,70	16	14,28	683	25,90	636	7,30	31	5,28	16	15,05	683	27,63	6.00	1.00	7.00
H	2	2	7	30	2	15	11	47	1	1	12	92	4	56	17	1,49	9.00	...	9.00
Total	825	8,38	177	18,14	136	75,95	1138	1,02,47	824	12,67	182	28,80	131	1,38,90	1144	1,80,37	...	...	...

ANNEXURE XVII

Table showing loans advanced by coffee curers—(*Contd.*)

B-1952—1953

(Amounts in '000' Rs.)

Name of Companies	No. of growers taking loans and amounts taken.								Amounts paid for value of coffee delivered to the pool by the growers who had taken loans								Average percentage of interest and commission received for the year		Total
	25 Acre & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Indian																			
I	157	1,30	34	25	5	25	196	1,80	1,35	2,07	13	24	5	47	153	2,78	6.50	...	6.50
J	321	2,92	146	2,94	4	40	471	6,26	514	6,35	48	3,60	...	*	562	9,95	6.75	2.25	9.00
K	12	75	...	**	57	13,71	69	14,46	12	57	...	**	57	9,64	69	10,21	2.01	0.001	2.011
L	175	2,37	24	2,06	30	9,08	229	14,01	175	3,07	24	1,83	30	9,15	229	14,05	7.5 to 12.0	...	7.5 to12.0
M	105	1,77	22	3,14	...	...	127	4,91	105	68	22	2,20	..	...	127	2,88	8.00	1.00	9.00
Total	770	9,61	226	8,39	96	23,44	1092	41,44	941	12,74	107	7,87	92	19,26	1,140	39,87	...	...	...
Grand Total	1595	17,99	403	26,53	232	99,39	2230	1,43,91	1765	25,41	289	36,67	230	1,58,16	2284	2,2024	...	...	...

*Figures are included in the preceding column "less than 100 acres".

**Figures are included in the next column "100 acres and above."

(Source:—Returns received from coffee curers.)

ANNEXURE XVII

Table showing loans advanced by coffee curers.

C-1953—1954

(Amounts in thousand Rs.)

Name of Companies	No. of growers taking loans and amounts taken.								Amount paid for value of coffee delivered to the pool by the growers who had taken loan								Average percentage of interest and commission received for the year		Total
	25 Acres & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Non-Indian																			
A	...	...	5	61	4	5,29	9	5,90	...	...	5	1,18	4	11,62	9	12,80	6.50to 7.50	...	6.50to 7.50
B	69	2,10	29	2,93	10	4,41	108	9,44	69	4,70	29	6,75	10	10,52	108	21,97	7.11	0.54	7.65
C	5	25	44	3,26	45	12,74	94	16,25	5	42	44	7,03	45	29,36	94	36,81	7.00	0.50	7.50
D	55	81	14	83	3	87	72	2,51	55	1,37	14	1,56	3	1,70	72	4,63	7.30	...	7.30
E	96	1,31	43	6,13	56	39,79	195	47,23	96	2,40	43	17,23	56	110,48	195	1,30,11	1.80	0.46	2.26
F	3	6	12	1,47	6	1,72	21	3,25	3	7	12	1,92	6	1,84	21	3,83	6.25to 8.00	...	6.25 8.00
G	651	6,35	36	7,16	23	31,24	710	44,75	651	8,92	36	7,22	23	39,61	710	55,75	6.00	1.00	7.00
H	1	1	8	78	4	65	13	1,44	1	1	12	2,45	4	2,40	17	4,86	9.00	...	9.00
Total	880	10,80	191	23,17	151	96,71	1222	1,30,77	880	17,89	195	45,34	151	2,07,53	1226	2,70,76	...	...	...

ANNEXURE XVII

Table showing loans advanced by coffee curers—(Contd.)

C. 1953—1954

(Amounts In thousand Rs.)

Name of Companies	No. of growers taking loans and amounts taken.								Amounts paid for value of coffee delivered to the pool by the growers who had taken loan.								Average percentage of interest and commission received for the year		Total
	25 acres & below		Above 25 acres & below 100 acres		100 acres and above		Total		25 acres and below		Above 25 acres & below 100 acres		100 acres and above		Total				
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Interest	Commission	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Indian																			
I	308	2,38	20	85	8	5,47	336	8,70	289	4,39	19	1,34	6	4,45	314	10,18	6.50	...	6.50
J	16	19	11	7	1	10	28	36	182	1,67	34	1,42	...	*	216	3,09	6.75	2.25	9.00
K	16	1,33	...	**	51	15,15	67	16,48	16	1,04	...	**	51	13,53	67	14,57	2.33	0.008	2.338
L	308	3,44	25	1,95	28	9,03	361	14,42	303	3,37	25	1,60	28	8,01	361	12,98	7.50to 12.00	...	7.50to 12.00
M	383	2,42	18	3,04	...	...	401	5,46	383	4,16	18	2,37	...	...	401	6,53	5.00	1.00	6.00
Total	1031	9,76	74	5,91	88	29,75	1193	45,42	1178	14,63	96	6,73	85	25,99	1359	47,35	...	...	...
Grand Total	1911	20,65	265	29,08	239	1,26,46	2415	1,76,19	2058	32,52	291	52,07	236	2,33,52	2585	3,18,11	...	...	...

*Figures are included in the preceding column "less than 100 acres"

**Figures included in the next column "100 acres and above"

Source:—Returns received from coffee curers.

ANNEXURE XVIII.

Statement showing net available working fuds per acre according to types of management.

(Figures relate to 27 companies)

Types of Ownership/ Management	1946					1953				
	Acreage	Current Assets in '000' Rs.	Current liabilities in '000' Rs.	Difference between 3 and 4 (working funds)(in '000'Rs.)	Working funds per acre(in Rs.)	Acreage	Current Assets in '000' Rs.	Current liabilities in '000' Rs.	Difference between 8 and 9 (working funds.)(in '000' Rs.)	Working funds per acre (in Rs.)
1	2	3	4	5	6	7	8	9	10	11
Sterling Companies	1,611	12,53	2,72	9,81	603.93	1,531	20,37	9,26	11,11	725.66
Rupee Companies Under Non-Indian Managing Agents Control	4,997	12,96	3,58	9,38	187.71	5,243	30,09	5,93	24,16	460.80
Director Controlled Limited Companies-Non-Indian	1,464	6,17	37	5,80	396.17	1,477	14,53	1,64	12,89	872.71
Under Indian Managing Agents Control	8,331	23,84	19,41	4,43	553.17	8,356	64,14	14,52	49,62	593.82
Director Controlled Limited Companies-Indian	6,036	21,58	11,79	9,79	162.19	6,761	79,92	36,70	43,22	639.25
Total	22,439	77,08	37,87	39,21	174.74	23,368	2,09,05	68,05	1,41,00	603.38

(Source:—Balance Sheets).

ANNEXURE XIX

Table showing schedule of rates of remuneration paid to pool agents for the various services rendered by them not covered by Agency remuneration.

1954-1955 season

Serial No.	Item	Charges per ton of 20 cwts. (In Rs.)	
1	2	3	
1.	Bulking ...	3-12-0	
2.	Sizing ...	13- 8-0	
3.	Garbling ...	45- 0-0	
4.	Ex-huller curing (i. e. hulling and sizing but not garbling) ...	50- 0-0	(if garbling is required later, an additional Rs. 35/8/- per ton)
5.	Winnowing of Estate Pounded Coffee and removing husk, stones and foreign matter ...	22- 8-0	
6.	Receiving, weighing of pool coffee received for storage at inland centres from West Coast and the comparing of such coffee with the samples submitted by the consignor inclusive of :— 1. Receiving at Railway station 2. Transport to Works 3. Re-bagging 4. Stacking ...	21- 8-0	
7.	Delivering pool coffee F. O. R. nearest Railway station in original packing ...	14- 0-0	
8.	Marking, packing, stitching stacking including down-grading of new outer gunnies (only applicable in cases where coffee is repacked owing to the change in the Board's instructions) ...	19- 0-0	
9.	Storage charges per ton per month ...	2- 8-0	(But free till the end of June and for a month after the coffee is cured if the coffee is not cured by the end of May.)
10.	Receiving, unloading, weighing comparing re-bagging, stacking etc., of advance payment coffee of small growers received from collecting agents ...	11- 0-0	

Source :—Coffee Board

ANNEXURE XX

Statement showing quantity of coffee handled by Pool Agents and Agency remuneration, remuneration on sales and others received by them during the period 1951-52 to 1953-54.

(Figures in cols. 3,4,6,7,9,10 In Rs.)

Name of Pool Agent	1951-1952			1952-1953			1953-1954		
	Quantity handled in tons	Agency remuneration and sale remuneration	Remuneration for services not covered by the agency agreement	Quantity hendled in tons	Agency remuneration and sales remuneration	Remuneration for services not covered by the agency agreement	Quantity handled in tons	Agency remuneration and sales remuneration	Remuneration for services not covered by the agency agreement
1	2	3	4	5	6	7	8	9	10
Non-Indian									
1	689	72,955	6,157	601	45,550	43,069	1,409	1,64,333	59,407
2	780	58,289	12,207	1,025	73,119	32,087	1,252	1,06,548	24,393
3	1,212	1,22,072	26,011	905	72,455	65,443	1,946	2,14,725	1,05,574
4	1,829	1,47,626	54,439	1,653	1,25,656	67,907	1,711	1,50,960	53,451
5	1,501	1,30,374	28,156	1,469	98,917	33,386	2,282	2,13,389	77,885
6	3,117	2,88,610	16,809	3,433	2,43,292	11,199	3,941	3,95,315	1,16,002
7	1,091	1,00,012	9,303	1,974	1,49,862	33,111	2,230	2,04,511	32,671
8	1,565	1,32,885	27,839	1,956	1,38,767	27,723	2,114	1,86,956	34,589
9	1,228	1,17,350	14,976	894	65,504	53,033	2,979	2,24,563	91,945
Total	13,012	11,70,173	1,95,897	13,910	10,13,122	3,66,958	19,864	18,61,300	5,95,917

ANNEXURE XX

Statement showing quantity of coffee handled by Pool Agents and Agency remuneration, remunation on sales and others received by them during the period 1951-52 to 1953-54,—(Contd.)

(Figures in cols. 3,4,6,7,9,10 in Rs.)

Name of pool Agent	1951-52			1952-53			1953-1954		
	Quantity handled in tons	Agency remuneration and sales remuneration	Remuneration for services not covered by the agency agreement	Quantity handled in tons	Agency remuneration and sales remuneration	Remuneration for services not covered by the agency agreement	Quantity handled in tons	Agency remuneration and sales remuneration	Remuneration for services not covered by the agency agreement
1	2	3	4	5	6	7	8	9	10
Indian									
10	351	25,276	6,547	25	3,518	5,244	612	41,644	16,980
11	754	63,035	6,368	976	59,521	18,053	690	59,924	32,572
12	735	43,099	19,141	635	46,022	27,151	586	39,092	8,580
13	451	31,946	11,932	155	12,017	10,175	574	36,839	19,937
14	1,375	1,16,645	28,075	1,299	88,303	38,931	2,198	1,75,092	67,894
15	448	26,105	2,793	145	16,575	5,586	218	8,515	2,313
16	863	48,304	9,900	480	40,472	15,868	1,531	1,37,004	28,269
17	882	83,455	7,007	1,111	91,753	25,711	1,242	1,09,326	35,851
'B' class agents									
18	218	12,360	1,086	176	7,515	3,895	382	16,724	22,379
19	189	11,250	3,930	75	3,439	3,823	150	8,194	5,023
Total	6,266	4,62,075	96,779	5,077	3,69,135	1,54,437	8,233	6,32,354	2,39,798
Grand Total	19,278	16,32,548	2,92,676	18,987	13,82,257	5,21,395	28,097	25,93,654	8,35,715

Source:—Coffee Board and returns from pool agents.

ANNEXURE XXI

Statement showing profits of Pool Agents on Coffee Pool Agency account for three coffee seasons July-June 1951-1952 to 1953-1954.

(Figures in Cols. 3 to 7 in Rs.)

Name of pool agent	Coffee handled in tons	Gross profit on Pool Agency account	Overhead charges for Pool Agency	Net profit	Average overhead charges per ton	Average net profit per ton
1	2	3	4	5	6	7
		A. Non-Indian curing houses				
1	2,699	2,63,906	1,09,969	1,53,937	40-15-11	57- 0- 7
2	3,403	2,58,722	1,31,406	1,27,316	38-10- 0	37- 7- 0
3	4,461	4,13,073	2,67,896	1,45,177	60- 1- 0	32- 9- 0
4	5,733	3,09,726	3,36,084	(-)26,358	58-10- 0	(-)4-10- 0 (Loss)
5	5,265	3,78,607	2.39,157	1,39,450	45- 7- 0	26- 8- 0
6	10,562	8,28,789	2,83,736	5,45,053	26-14- 0	51-10- 0
7	5,375	4,24,140	3,96,062	28,078	73-11- 0	5- 4- 0
8	5,688	4,70,332	3,83,814	86,518	67- 8- 0	15- 3- 0
Total	43,186	33,47,295	21,48,124	11,99,171	49-11-10	27-12- 3
		B. Indian curing houses				
1	1,068	50,586	26,342	24,244	24-11- 0	22-11- 0
2	2,441	84,769	76,311	8,458	31- 4- 0	3- 7- 0
3	2,567	1,20,936	53,190	67,746	20-12- 0	26- 6- 0
4	1,245	60,239	38,752	21,487	31- 2- 0	17- 4- 0
5	4,985	3,69,621	4,08,585	(-)38,964	81-15- 0	(-)7-13- 0 (Loss)
Total	12,306	6,86,151	6,03,180	82,971	49- 0- 3	6-11-11
Grand Total	55,492	40,33,466	27,51,304	12,82,142	49- 9- 3	23- 1- 8

Source: Returns from pool agents.

ANNEXURE XXII

Statement showing retail price structure of coffee powder for co-operative societies (effective from 1st December, 1953 onwards)

Return to the grower at Rs. 2-1-0 per point	Plantation 'A' (80 points)	Arabica cherry flats (Clean garbled) (69 points)	Robusta cherry flats (Clean garbled) (53 points)
1	2	3	4
	Rs. per cwt.	Rs. per cwt.	Rs. per cwt.
1. Pool Basic Price	195- 8-0	172-13-0	139-13- 0
2. Sales tax to be collected from Central Stores by the Board	2-11-9	2- 6-0	1-13- 9
3. F. O. R. charges	4- 0-0	4- 0-0	4- 0- 0
4. Average freight in Zone I	3- 8-0	3- 8-0	3- 8- 0
5. Sales tax to be collected by Central from Primaries	3- 3-6	2-13-9	2- 5- 3
6. Margin of profit to Central Stores and Primaries	10- 8-0	10- 8-0	10- 8- 0
7. Retail price per cwt. of (rounded to adjust per lb.)	218-12-0	196- 0-0	162-12- 0
8. Retail price per lb. of raw coffee (Exclusive of sales tax)	1-15-3	1-12-0	1- 7- 3
9. Loss in weight on roasting (about 20%)	0- 6-3	0- 5-7	0- 4- 8
10. Roasting and grinding charges	0- 2-0	0- 2-0	0- 2- 0
11. Margin of profit	0- 2-0	0- 2-0	0- 2- 0
Retail price per lb. of powder (exclusive of packing and sales tax)	2- 9-6	2- 5-7 or 2- 6-0	1-15-11 or 2- 0- 0

Source:—Coffee Board.

ANNEXURE XXIII

Table showing the Index Number of wholesale prices of coffee, tea and sugar in India during the three years 1951 to 1953.

(Base: Prices for week ended 19th August 1939=100)

	YEAR	Price Index Numbers of (12 monthly average)		
		Coffee	Tea	Sugar
	1	2	3	4
1.	1951	567	410	297
2.	1952	680	247	294
3.	1953	620	377	272

Source:—Coffee Board

ANNEXURE XXIV

Statement showing quantities and value of exports of coffee to countries outside India for the five years ending 1954-1955.

(Quantity in cwts. and value in Rs.)

Name of Country	1950-1951		1951-1952		1952-1953		1953-1954		1954-1955	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1	2	3	4	5	6	7	8	9	10	11
West Germany	2,500	6,53,832	1,009	3,56,991	18,282	69,04,385	2,500	12,80,660	73,144	3,09,24,527
Italy	2,217	6,22,621	2,022	5,97,024	3,091	10,92,194	8,474	21,78,884	40,724	1,27,57,301
Netherlands	6,251	16,18,108	812	2,96,074	2,204	7,94,451	17,904	45,62,767	31,720	1,39,41,470
Belgium	1,100	3,13,382	...	...	455	1,50,895	6,148	15,46,567	18,527	60,28,789
United Kingdom	11,831	29,83,589	5,647	21,10,544	6,001	20,61,576	14,906	35,78,091	8,855	32,10,318
Norway	...	...	...	...	3,095	8,40,388	...	...	3,424	11,26,398
Switzerland	479	71,850	...	...	30	...	4,950	12,82,436	1,040	3,15,627
Ceylon	2,167	4,53,187	31	8,876	1,406	3,66,336	333	90,826	204	61,924
Other countries	26,988	67,48,402	6,562	21,57,140	8,021	17,33,081	365	1,29,108	25,786	80,98,124
Total	53,533	1,34,64,979	16,083	55,26,649	42,585	1,39,43,306	55,580	1,46,49,339	2,03,424	7,64,64,478

Source : Monthly accounts relating to Sea borne Trade in India.

ANNEXURE XXIV—A

Statement showing exports of roasted and ground coffee.

Particulars	January/June 1953	July/December 1953	January/June 1954	July/December 1954	January/June 1955
1	2	3	5	5	6
1. Allocation	50 tons	82½ tons	100 tons	100 tons	100 tons
2. Actual quantity for which permits were taken by each exporter :					
A.	49-11-3-10	80-10-1-3	57-17-1-17	99-15-0-0	54-16-2-17½
B.	0-22-2-20	0- 8-0-4	0- 8-1-21	...	...
C.	0- 0-1-26	0- 0-2-11	0- 1-1-12	0- 4-1-17	0- 6-2-20
D.	...	1-10-3-3	...	...	0- 9-1-27½
E.	...	0- 0-0-18	...	...	...
3. Total	Tons 49-15-0-0	82- 9-3-11	58- 7-0-22	99-19-1-17	55-12-3-9
4. Balance not utilised.	0- 5-0-0	0- 0-0-17	41-12-3-6	0- 0-2-11	44- 7-0-19

Source :—Coffee Board.

ANNEXURE XXV

A. Statement showing profits and their allocation according to types of management

—:1946:—

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Type of ownership/management	Number of companies	Plant acreage	Production (in cwts.)	Gross profits	Other income	Total of gross profit & other income	Commission to Managing Agents and Director	Commission to Staff	Interest	Other donation etc.
1	2	3	4	5	6	7	8	9	10	11
Sterling companies.	1	1,485	5,824	1,78	23	2,01	16	...	...	1
RUPEE COMPANIES.										
Under Non-Indian Managing Agents control.										
Non-Indian.	3	765	2,673	72	1	73	2	2	...	...
Partly Non-Indian	2	3,179	15,982	4,84	4	4,88	18	18	14	...
Under Indian Managing Agents control										
Indian.	7	5,685	17,750	8,38	4	8,42	79	1	54	...
Director controlled Ltd. companies										
Public Ltd. Indian.	1	6,036	18,660	6,37	...	6,37	28	23	55	2
Private Ltd. Non-Indian	5	1,484	3,662	2,27	3	2.30	...	6	...	...
Total	19	18,634	64,551	24,36	35	24,71	1,43	50	1,23	3

ANNEXURE XXV

A. Statement showing profits and their allocation according to types of management.

—:1946:—

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Net profit before tax	Provision for taxation	Net profit after tax	Dividend	Transfered to Reserves	Net increase in balance carried forward	Total retained profits	Net profit before taxation: Per acre	Net profit before taxation: Per cwt.	Net profit after taxation: Per acre	Net profit after taxation: Per cwt.
12	13	14	15	16	17	18	19	20	21	22
1,83	1,00	83	77	...	6	6	123.44	31.40	56.10	14.30
69	...	69	41	8	20	28	89.93	25.74	89.93	25.74
4,39	1,13	3,26	1,43	1,92	—9	1,83	138.05	27.46	102.57	20.40
7,09	10	6,99	2,59	61	3.79	4,40	124.64	39.92	124.43	39.36
5,28	8	5,20	2,80	2,00	40	2,40	87.47	28.30	86.11	27.87
2,24	...	2,24	18	4	2,01	2,05	150.93	61.16	150.68	61.06
21,52	2,31	19,21	8,18	4,65	6,37	11,02	115.46	33.33	103.11	29.75

1950

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Type of ownership/management	Number of companies	Planted acreage	Production (in cwts.)	Gross profit	Other income	Total of gross profit & other income	Commission to		Interest	Other (donation etc.)
							Managing Agents and Directors	Staff		
1	2	3	4	5	6	7	8	9	10	11
Sterling companies	1	1,485	5,681	3,19	24	3,43	30	35	...	...
RUPEE COMPANIES:										
Under Non-Indian Managing Agents control										
Non-Indian	3	765	2,166	1,34	1	1,35	5	...	...	...
Partly Non-Indian	2	3,314	13,805	5,98	5	6,03	30	34	23	...
Under Indian Managing Agents control										
Indian	7	5,538	10,609	11,55	21	11,76	1,52	1	33	...
Director controlled Ltd. companies										
Public Ltd. Indian	1	6,224	29,161	22,65	1,69	24,34	44	1,31	14	6
Private Ltd. Non-Indian	5	1,465	4,110	3,66	2	3,68	...	24	...	...
Total	19	18,791	65,532	48,37	2,22	50,59	2,61	2,25	70	6

1950

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Net profit before tax	Provision for taxation	Net profit after tax	Dividend	Transferred to Reserves	Net increase in balance carried forward	Total retained profits	Net profit before taxation		Net profit after taxation	
							Per acre	Per cwt.	Per acre	Per cwt.
12	13	14	15	16	17	18	19	20	21	22
2,77	1,80	97	85	33	—21	12	186.75	48.82	65.15	17.03
1,30	7	1,23	67	72	—15	57	169.83	59.98	161.13	56.91
5,16	2	5,14	1,72	2,95	48	3,43	155.70	37.38	155.24	37.26
9,91	8	9,83	4,74	5,16	— 7	5,09	178.88	93.31	177.46	92.63
22,40	...	22,40	7,48	15,22	—31	14,91	359.83	76.80	359.83	76.80
3,43	1	3,42	1,23	10	2,08	2,18	234.26	83.50	233.37	83.18
44,97	1,98	42,99	16,69	24,48	1,82	26,30	239.29	68.62	228.76	65.60

1951

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Type of ownership/management	Number of companies.	Planted acreage	Production (in cwts.)	Gross profit	Other income	Total of gross profit & other income	Commission to Managing Agents and Directors	Commission to Staff	Interest	Other (donation) etc.)
1	2	3	4	5	6	7	8	9	10	11
Sterling companies.	1	1,410	8,640	6,21	29	6,50	24	65	...	0.5
RUPEE COMPANIES:										
Under Non-Indian Managing Agent control										
Non-Indian	3	765	2,952	3,57	2	3,59	12	12	...	...
Partly Non-Indian.	2	3,[illegible]33	18,151	10,56	25	10,81	43	65	22	...
Under Indian Managing Agents control										
Indian	7	4 529	10,739	10,37	47	10,84	1,37	0.3	27	...
Director controlled Ltd. companies										
Public Ltd. Indian.	1	6,326	24,593	24,30	2,25	26,55	78	1,44	...	...
Private Ltd. Non-Indian	5	1,467	4,876	4,83	1	4,84	...	34	...	...
Total	19	17,730	69,954	59,84	3,29	63,13	2.94	3,20.3	49	0.5

1951

Net profit before tax	Provison for taxation	Net profit after tax	Dividend	Transferred to Reserves	Net increase in balance carried forward	Total retained profits	Net profit before taxation.		Net profit after taxation	
							Per acre	Per cwt.	Per acre	Per cwt.
12	13	14	15	16	17	18	19	20	21	22
5,60	3,33	2,22	1,03	1,14	...	1,14	396.86	64.77	157.69	25.73
3,35	47	2,88	1,12	2,75	—98	1,77	433.49	113.63	376.39	97.54
9,51	10	9,41	2,51	7,22	—32	6.90	294.13	52.39	291.12	51.85
9,20	16	9,04	3,18	5,67	18	5,85	203.08	85.39	199.50	84.13
24,32	5,00	19,32	9,71	11,11	—1,50	9,61	384.49	98.89	305.45	78.56
4,51	8	4,43	1,95	62	1,86	2,48	307.23	92.43	301.74	90.78
56,49	9,19	47,30	19,55	28,51	—76	27,75	318.60	80.75	266.78	67.62

1952

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Type of ownership/management	Number of companies.	Planted acreage	Production (in cwts)	Gross profit	Other income	Total of gross profit & other income	Commission		Interest	Other (donation etc.)
							Managing Agents and Directors	Staff		
1	2	3	4	5	6	7	8	9	10	11
Sterling companies.	1	1,410	12,289	5,11	7	5,18	32	72	...	...
RUPEE COMPANIES										
Under Non-Indian Managing Agents control										
Non-Indian.	3	772	3,132	1,56	1	1,57	7	3	...	...
Partly Non-Indian.	2	3,292	9,105	3,37	2	3,39	33	6	20	...
Under Indian Managing Agents control										
Indian.	7	4,637	9,806	8,07	6	8,13	1,21	1	27	...
Director controlled Ltd. companies Public Ltd. Indian.	1	6,767	38,763	22,40	3,09	25,49	76	1,38	5	...
Private Ltd. Non-Indian.	5	1,477	4,540	3,96	...	3,96	...	24	...	...
Total.	19	18,355	77,635	44,47	3,25	47,72	2,69	2,44	52	...

1952

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Net profit before tax.	Provision for taxation	Net profit after tax.	Dividend	Transferred to Reserves	Net increase balance carried forward	Total retained profits.	Net profit before taxation		Net profit after taxation.	
							Per acre	Per cwt.	Per acre	Per cwt.
12	13	14	15	16	17	18	19	20	21	22
4,14	3,08	1,06	1,08	80	—82	—2	293.77	33.71	75.20	8.63
1,47	43	1,04	86	73	—55	18	190.94	47.06	134.95	33.26
2,80	8	2,72	1,58	1,00	14	1,14	84.89	30.69	82.61	29.87
6,64	6	6,58	5,56	1,35	—33	1,02	143.23	67.73	141.93	67.12
23,30	4,00	19,30	8,28	11,00	2	11,02	163.81	60.11	285.16	49.78
3,72	34	3,38	2,39	49	50	99	251.65	81.87	228.99	74.50
42,07	7,99	34,08	19,75	15,37	—1,04	14,33	229.18	54.18	185.68	43.90

1953

(Figures in cols. 5 to 18 in thousand Rs. and in cols. 19 to 22 in Rs.)

Type of ownership/ management	Number of companies.	Planted acreage.	Production (in cwts.)	Gross profit	Other income	Total of gross profit and other income.	Commission to		Interest	Other (donation etc.)
							Managing Agents and Directors.	Staff		
1	2	3	4	5	6	7	8	9	10	11
Sterling companies	1	1,410	11,000	8,28	13	8,41	35	88	...	...
RUPEE COMPANIES:										
Under Non-Indian Managing Agents control										
Non-Indian	3	772	4,627	2,85	...	2,85	7	...	1	...
Partly Non-Indian	2	3,373	11,355	3,46	25	3,71	33	18	18	...
Under Indian Managing Agents control										
Indian	7	4,535	18,313	13,44	79	14,23	1,68	1	29	...
Director controlled Ltd. companies										
Public Ltd. Indian.	1	6,761	31,120	20,03	3,78	23,81	73	1,80	4	12
Private Ltd. Non-Indian.	5	1,477	3,897	2,08	11	2,19	...	23	...	...
Total	19	18,328	80,312	50,14	5,06	55,20	3,16	3,10	52	12

1953

Net profit before tax	Provision for taxation.	Net profit after tax.	Dividend	Transferred to Reserves.	Net increase in balance carried forward.	Total retained profits.	Net profit before taxation.		Net profit after taxation.	
							Per acre	Per cwt.	Per acre	Per cwt.
12	13	14	15	16	17	18	19	20	21	22
7,18	5,87	1,31	1,13	...	18	18	509.70	65.33	92.92	11.91
2,77	39	2,38	1,94	35	9	44	359.52	59.98	307.82	51.36
3,02	3	2,99	2,07	98	—6	92	89.31	26.53	88.63	26.33
12,25	32	11,93	4,26	7,57	10	7,67	270.13	66.90	263.01	65.13
21,12	3,80	17,32	9.48	8,00	—16	7,84	312.40	67.87	256.20	55.66
1,96	26	1,70	1,22	1.21	—73	48	132.24	50.12	115.10	43.63
48,30	10,67	37,63	20,10	18,11	—58	17,53	263.53	60.14	205.29	46.85

Source :—Balance sheets and profit and loss accounts of companies.

ANNEXURE XXV

B. Statement showing profits and their allocation of 19 coffee companies.

—:1953:—

(Figures in cols. 3 to 9 in thousand Rs. and 10 to 13 in Rs.)

Serial No.	Production in cwts.	Gross profit (inclusive of other income)	Commission to		Net profit		Dividend	Total retained profits	Net profit before tax		Net profit after tax	
			Managing Agents and Directors	Staff	Before tax	After tax			per acre	per cwt.	Per acre	per cwt.
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	11,000	8,41	35	88	7,19	1,31	1,13	18	509.70	65.33	92.92	11.91
2.	1,163	4	4	...	0.6	0.6	56	—56	2.82	0.57	2.82	0.57
3.	2,964	2,34	...	...	2,34	2,15	1,28	87	671.76	79.10	616.37	72.58
4.	500	47	3	...	42	22	10	12	225.76	84.88	116.30	43.73
5.	8,449	1,58	27	18	95	95	97	—2	32.42	11.25	32.42	11.25
6.	2,906	2,13	7	...	2,06	2,04	1,10	94	467.61	70.96	462.40	70.17
7.	1,140	85	13	1	71	71	29	41	221.10	61.87	221.10	61.87
8.	175	25	7	...	18	13	31	—18	83.45	104.43	61.42	76.86
9.	4,300	2,82	28	...	2,55	2,46	1,01	1,45	310.53	59.22	300.26	57.26
10.	6,380	8,42	87	...	7,55	7,38	2,10	5,28	801.51	118.34	782.93	115.60
11.	1,432	1,52	19	...	1,33	1,33	54	79	242.12	92.83	241.60	92.62
12.	1,180	18	9	...	—46	—46	...	—46	—37.82	—39.04	—37.82	—39.04
13.	1,429	54	5	...	40	38	...	38	84.88	27.80	82.20	26.92
14.	31,120	23,81	73	1,79	20,12	17,32	9,47	7,85	312.40	67.87	256.20	55.66
15.	435	14	...	4	9	9	...	9	19.65	21.60	18.99	20.86
16.	972	45	...	3	42	42	...	42	119.21	43.05	119.21	43.05
17.	265	8	...	1	8	8	26	—18	57.34	29.00	57.34	29.00
18.	535	16	...	1	14	14	57	43	48.73	26.90	48.78	26.90
19.	1,690	1,36	...	14	1,22	97	38	59	557.14	72.20	442.99	57.40

Source.—Balance sheets and profit and loss accounts.

ANNEXURE XXVI

Statement 1.

Statement showing gross profit and other income of 19 coffee companies

(In '000' Rs.)

Type of Ownership/Management	No. of companies	1946	1950	1951	1952	1953	Average of 1950—1953
1	2	3	4	5	6	7	8
1. *Sterling Companies*	1	2,01	3,43	6,50	5,18	8,41	5,88.0
2. *Rupee Companies.* Under Non-Indian Managing Agents	5	5,61	7,38	14,40	4,96	6,56	8,32.5
Under Indian Managing Agents	7	8,42	11,76	10.84	8,13	14,23	11,23.5
3. *Director Controlled Ltd. Cos.* Public Ltd. Indian	1	6,37	24,34	26,55	25,49	23,81	25,04.8
Private Ltd. Non-Indian	5	2,30	3,68	4,84	3,96	2,19	3,66.5
All Groups	19	24,71	50,59	63,13	47,72	55,20	54,16.0

Source : Balance Sheets.

ANNEXURE XXVI

Statement 2.

Statement showing percentage of gross profit to total capital employed.

(In Percentage)

Type of Ownership/Management	1946	1953
1	2	3
1. *Sterling Companies*	12.62	29.44
2. *Rupee Companies* Under Non-Indian Managing Agents	27.24	14.22
Under Indian Managing Agents	13.47	16.15
3. *Director Controlled Ltd. Cos.* Public Ltd. Indian	8.40	14.43
Private Ltd. Non-Indian	24.44	10.39
All Groups	13.34	15.82

Statement 3.

Statement showing proportion of Gross profit to Gross sale proceeds.

(In Percentage)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	44.57	37.77	40.63	38.98	42.34
2. *Rupee Companies* Under Non-Indian Managing Agents	33.45	28.05	36.42	20.13	27.48
Under Indian Managing Agents	44.03	46.93	45.09	33.28	43.16
3. *Director Controlled Ltd. Cos.* Public Ltd. Indian	31.52	45.58	43.28	36.69	41 99
Private Ltd. Non-Indian	57.17	49.25	52.43	44.78	34.98
All Groups	38.23	41.70	41.73	33.91	39.52

Source : Bal nce Sheets.

ANNEXURE XXVI

Statement 4.

Statement showing Managing Agent's and Director's Remunerations.

(In '000' Rs.)

Type of Ownership/ Management.	1946	1950	1951	1952	1953	Average of 1950-1953
1	2	3	4	5	6	7
1. *Sterling Companies.*	16.3	30.1	24.3	32.1	34.6	30.3
2. *Rupee Companies:*						
Under Non-Indian Managing Agents.	19.8	35.0	54.3	39.7	40.4	42.4
Under Indian Managing Agents.	79.2	1,51.9	1,37.3	1,20.7	1,67.5	1,44.4
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian.	28.4	44.5	77.9	76.4	73.2	68.0
Private Ltd.—Non-Indian.	...	...	...	...	...	...
All Groups.	1,43.7	2,61.5	2,93.8	2,68.9	3,15.7	2,84.9

Source :—Balance Sheets.

ANNEXURE XXVI

Statement 5.

Statement showing percentage of Commission paid to Managing Agents and Directors to Gross profit.

(In Percentage)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies.*	8.17	8.79	3.74	6.19	4.10
2. *Rupee Companies.*					
Under Non-Indian Managing Agents.	3.54	4.74	3.51	8.01	6.15
Under Indian Managing Agents.	9.40	12.92	12.66	14.87	11.78
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian.	4.45	1.83	2.93	3.00	3.07
Private Ltd.—Non-Indian.	...	...	...	...	...

Source :—Balance Sheets.

ANNEXURE XXVI

Statement 6

Statement showing Commission Paid Staff.

(In '000' Rs.)

Type of Ownership/ Management	1946	1950	1951	1952	1953	Average of 1950-1953
	2	3	4	5	6	7
1. *Sterling Companies.*	Nil	34.9	65.0	71.8	87.8	64.8
2. *Rupee Companies.* Under Non-Indian Managing Agents.	19.3	33.9	77.4	9.6	18.4	34.7
Under Indian Managing Agents.	0.9	0.7	0.3	0.8	1.4	0.8
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian.	23.4	1,30.5	1,44.3	1,37.9	1,79.4	1,48.1
Private Ltd.—Non-Indian.	5.9	24.5	33.6	23.7	23.1	26.2
All Groups	49.5	2,24.5	3,20.6	2,43.8	3,10.1	2,74.7

Source:—Balance Sheets.

ANNEXURE XXVI

Statement 7

Statement showing the percentage of staff Commission to Gross profit.

(In Percentage)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Setrling Companie.*	...	10.18	10.02	13.85	10.38
2. *Rupee Companies.* Under Non-Indian Managing Agents	3.42	4.59	5.37	1.95	2.93
Under Indian Managing Agent.	0.11	0.06	0.03	0.10	0.10
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian.	3.67	5.36	5.43	5.41	7.54
Private Ltd.—Non-Indian.	2.57	6.67	6.94	5.98	10.58

ANNEXURE XXVI

Statement 8

Statement showing Net Profit Before Taxation.

(In ·000 Rs.)

Type of Ownership/ Management	1946	1950	1951	1952	1953	Average of 1950-1953
1	2	3	4	5	6	7
1. *Sterling Companies*	1,83.3	2,77.3	3,59.6	4,14.2	7,18.6	4,93.3
2. *Rupee Companies* Under Non-Indian Managing Agents.	2,07.7	6,45.8	12,86.3	4,26.9	5,78.8	7,26.9
Under Indian Managing Agents·	7,08.5	9,90.7	9,19.8	6,64.1	12,25.1	9,49.7
3. *Director Controlled Ltd. Cos.* Public Ltd—Indian.	5,27.9	22,39.6	24,32.3	23,29.7	21,12.2	22,78.5
Private Ltd.—Non-Indian	2,23.9	3,43,2	4,50.7	3,71.7	1,95.3	3,40.2
All Groups	21,51.3	44,96.6	56,48.7	42,06.6	48,30.0	47,88.4

Source:—Balance Sheets.

ANNEXURE XXVI

Statement 9.

Statement showing Net Profits After Taxation

(In '000' Rs.)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	83.3	96.7	2,22.3	1,06.0	1,31.0
2. *Rupee Companies* Under Non-Indian Managing Agents	3,94.9	6,37.8	12,29.1	3,76.1	5,36.6
Under Indian Managing Agents	6,98.7	9,82.8	9,03.5	6,58.1	11,92.8
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	5,19.9	22,39.6	19,32.3	19,29.7	17,32.1
Private Ltd.—Non-Indian	2,23.6	3,41.9	4,42.7	3,38.2	1,70.0
All Groups	19,20.4	42 98.8	47,29.9	34,08.1	37.62.5

ANNEXURE XXVI

Statement 10.

Statement showing percentage of net profit before tax to paid-up capital

(In percentage)

Type of Ownership/Management	1946	1953
1	2	3
1. *Sterling Companies*	17.78	69.73
2. *Rupee Companies* Under Non-Indian Managing Agents	65.87	33.37
Under Indian Managing Agents	16.20	22.38
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	10.46	31.79
Private Ltd.—Non-Indian	54.01	29.33
All Groups	18.49	31.06

ANNEXURE XXVI

Statement 11.

Statement showing percentage of net profit after taxation to net worth

(In Percentage)

Type of Ownership/Management	1946	1953
1	2	3
1. *Sterling Companies*	6.06	6.45
2. *Rupee Companies* Under Non-Indian Managing Agents	16.25	12.90
Under Indian Managing Agents	13.42	15.09
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	8.10	13.50
Private Ltd.—Non-Indian	24.75	8.76
All Groups	11.83	13.04

Source : Balance Sheets

ANNEXURE XXVI

Statement 12.

Statement showing Net Profit After Tax per Acre

(In Rs.)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	56.10	65.15	157.69	75.20	92.92
2. *Rupee Companies* Under Non-Indian Managing Agents	259.86	156.35	307.43	92.56	129.46
Under Indian Managing Agents	124.43	177·46	199.50	141.93	263.01
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	86.11	359.83	305.45	285.16	256.20
Private Ltd.—Non-Indian	150.68	233.37	301.74	228.99	115.10
All Groups	103.11	228.76	266.78	185.68	205.29

ANNEXURE XXVI

Statement 13.

Statement showing Net Profit After Tax per Cwt.

(In Rs.)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	14.30	17.03	25.73	8.63	11.91
2. *Rupee Companies* Under Non-Indian Managing Agents	54.94	39.93	58.24	30.74	33.58
Under Indian Managing Agents	39.36	92.63	84.13	67.12	65.13
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	27.87	76.80	78.56	49.78	55.66
Private Ltd.—Non-Indian	61.06	83.18	90.78	74.50	43.62
All Groups	29.75	65.60	67.62	43.90	46.85

Source: Balance Sheets.

ANNEXURE XXVI

Statement 14.

Statement showing dividends

(In '000' Rs.)

Type of Ownership/ Management	1946	1950	1951	1952	1953	Average of 1950-1953
1	2	3	4	5	6	7
1. *Sterling Companies*	77.3	85.0	1,08.2	1,08.2	1,13.4	76.7
2. *Rupee Companies* Under Non-Indian Managing Agents	1,83.9	2,38.3	3,62.7	2,43.7	4,01.2	3,11.5
Under Indian Managing Agents	2,58.8	4,73.9	3,18.3	5,56.0	4,26.0	4,33.6
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	2,80.5	7,48.5	9,71.1	8,28.0	9,47.3	8,73.7
PrivateLtd.—Non-Indian	18.0	1,23.5	1,94.5	2,39.4	1,21.8	1,69.8
All Groups	8,18.5	16,69.2	19,54.8	19,75.3	20,09.7	19,02.3

Source : Balance Sheets and Profit and Loss Accounts

ANNEXURE XXVI

Statement 15.

Statement showing retained profits

(In '000' Rs.)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	6.0	11.7	1,14.1	—20.2	17.6
2. *Rupee Companies* Under Non-Indian Managing Agents	2,11.0	3,99.4	8,66.5	1,32.4	1,35.3
Under Indian Managing Agents	4,39.9	5,08.9	5,85.3	1,02.1	7,66.8
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	2,39.5	14,91.1	9,61.2	11,01.7	7,84.9
Private Ltd.—Non-Indian	2,05.6	2,18.4	2,48.1	98.8	48.[illegible]
All Groups	11,02.0	26,29.5	27,75.2	14,32.8	17,52.[illegible]

ANNEXURE XXVI

Statement 15 A.

Statement showing percentage of Retained profit to Net Profit After taxation

(In Percentage)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	7.1	12.1	51.5	...	13.5
2. *Rupee Companies* Under Non-Indian Managing Agents	53.4	62.6	70.5	35.5	25.2
Under Indian Managing Agents	62.4	51.7	64.7	15.7	64.3
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	46.0	66.4	49.1	57.1	45.4
Private Ltd.—Non-Indian	92.0	63.9	56.0	28.6	28.4
All Groups	57.4	61.2	58.7	42.1	46.6

ANNEXURE XXVI

Statement 16.

Statement showing percentage of dividend to Net Profit After Taxation

(In Percentage)

Type of Ownership/Management	1946	1950	1951	1952	1953
1	2	3	4	5	6
1. *Sterling Companies*	92.9	87.9	48.5	100	86.5
2. *Rupee Companies* Under Non-Indian Managing Agents	46.6	37.4	29.5	64.5	74.8
Under Indian Managing Agents	37.6	48.3	35.3	84.3	35.7
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	54.0	33.6	50.9	42.9	54.6
Private Ltd.—Non-Indian	8.0	36.1	44.0	71.4	71.6
All Groups	42.6	38.8	41,3	57.9	53.4

Source: Balance Sheets,

ANNEXURE XXVI

Statement 17.

A. Statement showing percentage of dividend to paid-up capital

(In Percentage)

Type of Ownership/Management	1946	1953
1	2	3
1. *Sterling Companies*	7.50	11.00
2. *Rupee Companies* Under Non-Indian Managing Agents	23.86	23.14
Under Indian Managing Agents	5.91	7.78
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	5.56	14.25
Private Ltd.—Non-Indian	4.35	18.28
All Groups	7.03	12.92

ANNEXURE XXVI

B. Statement showing percentage of dividend to net worth

(In Percentage)

Type of Ownership/Management	1946	1953
1	2	3
1. *Sterling Companies*	5.62	5.59
2. *Rupee Companies* Under Non-Indian Managing Agents	7.57	9.65
Under Indian Managing Agents	4.97	5.39
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian	4.37	7.38
Private Ltd.—Non-Indian	2.24	6.28
All Groups	5.04	6.96

Source: Balance Sheets.

ANNEXURE XXVI

Statement 18.

Statement showing frequency distribution of dividends on ordinary shares

Type of Ownership/Management	Total No. of Companies	Nil		Below 10%		10 to 19%		20 to 39%		40% and above	
		1946	1953	1946	1953	1946	1953	1946	1953	1946	1953
1	2	3	4	5	6	7	8	9	10	11	12
1. *Sterling Companies*	1	...	...	...	...	...	1	1	...	...	...
2. *Rupee Companies* Under Non-Indian Managing Agents	10	5	...	...	...	1	5	2	4	2	1
Under Indian Managing Agents	7	1	2	4	1	...	3	1	1	1	...
3. *Director Controlled Ltd. Cos.* Private Ltd.—Non-Indian	4	1	...	...	1	1	1	2	...	...	2

Source: Replies to Questionnaire.

ANNEXURE XXVI

Statement 19.

Statement showing returns to the growers/(Management-wise analysis).

(Figures in cols. 4 to 6 and 9 to 11 in Rupees).

Type of Ownership/Management.	No. of Cos.	1946					1953				
		Planted acreage	Gross profit (Crop a/c)	Gross profit per acre	Fixed assets per acre	% of 5 to 6	Planted acreage	Gross profit (Crop a/c)	Gross profit per acre	Fixed assets per acre	% of 10 to 11
1	2	3	4	5	6	7	8	9	10	11	12
1. *Sterling Companies.*	1	1,485	1,77,560	119.57	435.05	27.48	1,410	8,28,340	587.47	782.86	75.04
2. *Rupee Companies.* Under Non-Indian Managing Agents.	5	3,914	5,55,521	140.85	270.12	52.14	4,145	6,31,158	152.27	490.86	31.02
Under Indian Managing Agents.	7	5,685	8,38,537	147.50	808.95	18.23	4,535	13,43,977	296.36	975.84	30.37
3. *Director Controlled Ltd. Cos.* Public Ltd.—Indian.	1	6,036	6,36,661	105.47	901.09	11.70	6,761	20,02,620	296.20	1,258.69	23.53
Private Ltd.—Non-Indian.	5	1,484	2,27,382	153.22	212.69	72.03	1,477	2,07,792	140.68	440.61	31.93
All Groups.	19	18,634	24,35,661	130.71	647.92	20.17	18,328	50,13,887	273.56	912.52	29.98

Source :—Balance Sheets.

ANNEXURE XXVII

Statement showing State and local levies in Coffee growing States.

Type of Levy	Mysore	Coorg	T. C. State	Madras	Remarks
1	2	3	4	5	6
1. Land tax.	Rs. 1/4/- to Rs. 1/8/- per acre.	Rs. 2/-/- per acre.	Rs. 1/9/- to Rs. 2/-/- per acre.	Rs. 3/-/- per acre.	
2. Land Cess.	-/1/6 to -/2/- per rupee of land tax.	-/6/- per acre.	1½ps. for every 4 cents of land.	-/2/- to -/3/- per rupee.	
3. Education Cess.	-/-/9 per rupee	...	...	-/3/- per rupee.	
4. Taram assessment.	...	...	...	-/2/- to Rs. 4/-/- per acre.	
5. House Tax.	...	...	4% of the annual rental value.	6¼% of the annual rental value.	
6. License fee.	...	...	...	Rs. 100/- to Rs. 150/- according to the machinery installed and work-men employed.	
7. Octroi Tax.	*	*	*	*	*Rates differ from district to district details regarding rates not furnished.
8. Panchayat Tax.	*	*	*	*	
9. Provision Tax.	*	*	*	*	
10. Vehicle Tax.	*	*	*	*	

Source:—Returns from State Governments.

ANNEXURE XXVIII.

Statement showing the number of small holdings in different regions during the period 1951-1954.

Region.	Number of registered estates in														
	1951-52					1952-53					1953-54				
	Below 5 acres.	Between 5 & 10 acres	Between 10 & 25 acres	25 acres and above	Total	Below 5 acres.	Between 5 & 10 acres	Between 10 & 25 acres	25 acres and above	Total	Below 5 acres	Between 5 & 10 acres	Between 10 & 25 acres	25 acres and above	Total
	..	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Madras	15,385	1,528	973	522	18,408	16,028	1,584	1,018	520	19,150	15,085	1,629	1,044	519	18,277
Coorg	3,630	366	299	255	4,550	4,262	371	305	255	5,193	5,025	425	364	249	6,063
Mysore	2,415	594	546	691	4,246	2,459	604	561	701	4,325	2,843	677	603	714	4,837
T. C. State	1,664	43	21	22	1,750	1,664	43	21	22	1,750	1,664	43	21	22	1,750

Source: Coffee Board.

ANNEXURE XXIX.

Statement showing proportion of Robusta acreage to Arabica acreage in the main coffee regions and under different sizes of holdings.

Size of holdings	Madras				Mysore				Coorg			
	No. of estates	Acreage			No. of es'ates	Acreage			No. of estates	Acreage		
		Arabica	Robusta	Percentage of 4 to 3		Arabica	Robu:ta	Percentage of 8 to 7		Arabica	Robusta	Percent-age of 12 to 11
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Below 5 acres	15,085	10,887	12,383	113.74	2,843	4,458	1,154	25.89	5,025	3,562	3,126	86.76
5-10 acres	1,629	5,661	5,294	93.52	677	3.754	544	14.49	425	1,179	1,926	163.36
10-25 acres	1,044	9,748	5,408	55.48	603	7,057	1,051	14.89	364	2,690	3,365	125.09
25-50 acres	341	4,153	2,742	66.02	420	5,842	1,130	19.34	141	1,706	1,404	82.30
50-100 acres		5,020	3,099	61.73		9,620	1,520	15.80		2,281	1,631	71.50

Source: Coffee Board.

ANNEXURE XXX

A. Statement showing indebtedness of coffee growers holding less than 100 acres.

Region	Number of returns analysed	Free from indebtedness		Original amount of loan taken				Amount re-paid	
		Number of esttaes	Acreage	Number of estates	Acreage	Total (in rupees)	Per acre (in rupees)	Total (in rupees)	Per acre (in rupees)
1	2	3	4	5	6	7	8	9	10
Less than 25 acres									
Madras	140	78	843	62	835	3,10,000	371.23	58,220	69.72
Mysore	176	36	467	140	1,798	10,89,460	605.93	3,49,701	194.50
Coorg	81	22	343	59	1,030	4,57,449	444.12	3,49,378	339.20
Total	397	136	1,653	261	3,663	18,56,909	506.93	7,57,299	206.70
25 acres and above but below 100 acres.									
Madras	46	33	1,638	13	712	1,28,800	180.90	19,900	27.9
Mysore	104	29	1,536	75	4,021	18,04,031	448.6	5,19,661	129.2
Coorg	35	16	1,171	19	958	2,48,899	259.8	1,74,739	182.4
Total	185	78	4,345	107	5,691	21,81,730	383.4	7,14,300	125.5
Grand Total	582	214	5,998	368	9,354	40,38,639	431.75	14,71,599	157.3

Source :—Replies collected by the Liaision staff of the Coffee Board.

ANNEXURE XXX

B. Statement showing age of loans and amounts outstanding.

(In Rs.)

Region	Loans between 1951-1955							Loans between 1945 and 1951			
	Private money lenders	Land mortgage Banks	Commercial Banks	Curers	Others	Government loans	Total	Private money lenders	Land mortgage Banks	Commercial Banks	Curers
1	2	3	4	5	6	7	8	9	10	11	12
					25 acres and above						
Mysore	3,70,837	26,368	1,65,319	1,78,875	1,000	1,400	7,43,799	1,50,300	...	4,000	...
Madras	78,700	9,000	...	5,600	...	...	93,300	15,600	...	...	...
Coorg	41,308	1,500	...	24,281	...	...	67,069	...	...	...	...
Total	4,90,845	36,868	1,65,319	2,08,736	1,000	1,400	9,04,168	1,65,900	...	4,000	...
					Less than 25 acres						
Mysore	2,54,639	61,524	66,900	59,100	550	...	4,42,713	1,48,100	21,680	3,500	...
Madras	93,750	61,427	5,000	29,722	25,000	2,050	2,16,949	...	15,630	...	2,500
Coorg	24,662	20,775	5,150	22,604	...	...	73,191	13,750	...	...	14,000
Total	3,73,051	1,43,726	77,050	1,11,426	25,550	2,050	7,32,853	1,61,850	37,310	3,500	16,500
Grand Total	9,63,896	1,80,594	2,42,369	3,20,162	26,550	3,450	16,37,021	3,27,750	37,310	7,500	16,500

ANNEXURE XXX (*Contd.*)

Loans between 1945-51			Loans between 1935-1945							Loans before 1935						
Others	Govt. loans	Total	Private money lenders	Land mortgage banks	Commercial Banks	Curers	Others	Govt. loans	Total	Private money lenders	Land mortgage Banks	Commercial banks	Curers	Others	Govt. loans	Total
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
							25 acres and above									
...	...	1,54,300	...	...	...	...	...	...	...	40,000	...	20,000	...	...	...	60,000
...	...	15,600	...	...	...	...	...	...	...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
...	..	1,69,900	...	...	...	...	...	...	...	40,000	...	20,000	...	...	...	60,000
							Less than 25 acres									
...	...	1,73,280	8,700	1,000	46,000	...	...	...	55,700	24,000	...	...	...	...	...	24,000
...	...	18,130	7,500	1,700	...	...	7,500	...	16,700	...	...	...	...	...	...	...
...	150	27,900	4,000	...	...	...	...	...	4,000	...	...	...	...	...	...	...
...	150	2,19,310	20,200	2,700	46,000	...	7,500	...	76,400	24,000	...	...	...	...	...	24,000
...	150	3,89,210	20,200	2,700	46,000	...	7,500	...	76,400	64,000	..	20,000	...	...	...	84,000

Source:—Replies collected by the Liaision staff of the Coffee Board.

ANNEXURE XXX

C. *Statement showing sources and the amounts of the loans taken by small holders of Coffee.*

(amounts in Rs.)

Region	Source of Loans												Total
	Private money lenders		Land mortgage & co-operative bank		Commercial banks		Curers		Others		Government loans		
	Number of estates	Amount	Number of estates	Amount	Number of estates	Amount	Number of estates	Amount	Number of estates	Amount	Number of estates	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Less than 25 acres							
Mysore	142	6,86,860	24	1,23,125	20	1,50,025	19	1,28,900	1	550	...	...	10,89,460
Madras	22	1,15,200	27	91,950	3	5,500	18	56,850	7	38,000	4	2,500	3,10,000
Coorg	19	1,09,750	8	29,450	4	20,150	56	2,97,599	1	200	1	300	4,57,449
Total	183	9,11,810	59	2,44,525	27	1,75,675	93	4,83,349	9	38,750	5	2,800	18,56,905
						Above 25 acres but below 100 acres							
Mysore	58	9,86,842	4	41,500	22	3,41,414	36	4,31,275	1	1,000	1	2,000	18,04,031
Madras	7	95,800	3	15,000	...	...	6	18,000	..	...	...	...	1,28,800
Coorg	4	73,303	1	2,500	...	...	16	1,73,091	...	...	...	...	2,48,899
Total	69	11,55,950	8	59,000	22	3,41,414	58	6,22,366	1	1,000	1	2,000	21,81,730
Grand Total	252	20,67,760	67	3,03,525	49	5,17,089	151	11,05,715	10	39,750	6	4,800	40,38,639

Source :—Replies collected by the Liaison staff of the Coffee Board.

ANNEXURE XXXI

A. *List of coffee estates of less than 100 acres whose ownership has changed in recent years.*

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
1.	Madurai (Madras)	2.44	2,300	942.62	May, 1952
2.	,, ,,	6.02	3,500	581.39	August, 1952
3.	,, ,,	2.30	1,000	434.48	September, 1952
4.	,, ,,	3.58	1,000	279.33	November, 1952
5.	,, ,,	2.12	500	235.85	July, 1953
6.	,, ,,	4.18	2,000	473.47	December, 1953
7.	,, ,,	1.10	500	454.55	February, 1954
8.	,, ,,	1.00	500	500.00	June, 1954
9.	,, ,,	11.70	5,500	470.09	August, 1954
10.	,, ,,	4.33	1,000	230.95	March, 1952
11.	,, ,,	1.38	500	362.32	April, 1952
12.	,, ,,	5.69	1,300	228.47	September, 1952
13.	,, ,,	3.93	200	50.89	January, 1953
14.	,, ,,	2.23	3,000	1345.29	April, 1953
15.	,, ,,	2.21	300	135.75	May, 1953
16.	,, ,,	0.82	1,500	1829.27	August, 1953
17.	,, ,,	3.68	2,000	543.48	December, 1953
18.	,, ,,	2.24	4,000	1785.71	March, 1952
19.	,, ,,	0.72	1,000	138.89	October, 1952
20.	,, ,,	5.35	3,000	560.75	February, 1953
21.	,, ,,	7.28	700	96.15	March, 1953
22.	,, ,,	1.60	700	437.5	September, 1953
23.	,, ,,	0.10	300	3000.00	March, 1954
24.	,, ,,	6.05	1,700	280.99	April, 1954
25.	,, ,,	1.05	300	285.71	June, 1954
26.	,, ,,	3.00	2,000	666.67	January, 1953

ANNEXURE XXXI (*Contd.*)

A. *List of coffee estates of less than 100 acres whose ownership has changed in recent years.*

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
27.	Madurai (Madras)	0.30	200	666.67	March, 1953
28.	,, ,,	1.75	1,800	1028.57	April, 1953
29.	,, ,,	4.95	2,550	515.15	May, 1953
30.	,, ,,	4.00	900	225.00	June, 1953
31.	,, ,,	0.22	120	545.55	July, 1953
32.	,, ,,	9,15	200	21.86	January, 1954
33.	,, ,,	7.50	1,500	200.00	March, 1954
34.	,, ,,	8.35	3,000	359.28	May, 1954
35.	,, ,,	6.00	300	50.00	August, 1954
36.	,, ,,	7.20	1,000	138.89	October, 1954
37.	,, ,,	2.18	1,000	458.72	January, 1953
38.	,, ,,	9.70	1,000	103.09	February, 1953
39.	,, ,,	6.60	1,600	242.42	March, 1953
40.	,, ,,	4.67	300	64.24	April, 1953
41.	,, ,,	4.20	1,000	238.10	May, 1953
42.	,, ,,	9.47	600	63.36	July, 1953
43.	,, ,,	7.75	1,000	129.03	August, 1953
44.	,, ,,	4.68	700	149.57	October, 1953
45.	,, ,,	1.18	150	127.10	November, 1953
46.	,, ,,	5.70	500	87.72	January, 1954
47.	,, ,,	1.75	400	228.57	February, 1954
48.	,, ,,	15.56	1,100	70.69	April, 1954
49.	,, ,,	32.44	4,850	149.51	May, 1954
50.	,, ,,	6.13	2,600	424.14	June, 1954
51.	,, ,,	0.64	1,000	1562.5	July, 1954
52.	,, ,,	3.50	200	57.14	August, 1954
53.	,, ,,	7.34	750	102.18	September, 1954

ANNEXURE XXXI *(Contd.)*

A. *List of coffee estates of less than 100 acres whose ownership has changed in recent years.*

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
54.	Madurai (Madras)	9.26	2,220	239.74	December, 1954
55.	,, ,,	1.27	100	78.74	January, 1953
56.	,, ,,	1.76	50	28.41	March, 1953
57.	,, ,,	1.90	100	52.63	March, 1954
58.	,, ,,	3.15	100	31.75	April, 1954
59.	,, ,,	3.67	100	27.25	August, 1954
60.	,, ,,	2.44	200	81.97	December, 1954
61.	Ootacamund, (Madras)	20.19	29,000	1436.35	April, 1953
62.	,, ,,	53.50	1,17,000	2186.92	July, 1954
63.	,, ,,	41.13	23,000	559.20	October, 1954
64.	,, ,,	73.77	7,000	94.89	April, 1954
65.	,, ,,	69.74	55,000	788.64	November, 1954
66.	Coorg	44.10	30,000	680.27	February, 1948
67.	,,	9.48	10,000	1054.85	March, 1948
68.	,,	29.67	23,500	792.05	March, 1949
69.	,,	20.72	15,000	723.94	June, 1949
70.	,,	25.39	20,000	787.71	June, 1949
71.	,,	20.80	22,000	1057.69	July, 1950
72.	,,	14.80	12,000	810.81	February, 1951
73.	,,	3.00	5,000	1666.67	May, 1951
74.	,,	1.25	2,312	1849.60	May, 1952
75.	,,	4.78	5,000	1046.02	September, 1952
76.	,,	24.68	30,000	1215.56	September, 1952
77.	,,	4.66	10,000	2145.92	September, 1952
78.	,,	2.15	6,000	2790.70	March, 1953
79.	,,	2.04	5,500	2696.08	May, 1953
80.	,,	3.27	4,500	1376.15	May, 1953

ANNEXURE XXXI (*Contd.*)

A. List of coffee estates of less than 100 acres whose ownership has changed in recent years.

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
81.	Coorg	40.17	6,350	170.53	September, 1946
82.	,,	62.48	5,000	80.03	March, 1951
83.	,,	36.51	22,500	616 27	May, 1951
84.	,,	19.48	25,500	1309.03	February, 1952
85.	,,	33.13	41,500	1656.32	May, 1952
86.	,,	24.46	14,980	612.43	June, 1952
87.	,,	17.15	17,000	991.25	August, 1953
88.	,,	83.60	30,000	358.85	January 1954
89.	,,	13.25	1,000	75.47	June, 1954
90.	,,	21.02	6,000	285.44	November, 1953
91.	,,	13.29	3,000	225.73	February, 1946
92.	,,	58.30	5,000	85.76	July, 1947
93.	,,	47.79	4,000	83.70	January, 1951
94.	,,	65.68	13,000	197.93	November, 1952
95.	,,	43.71	45,000	1029.51	April, 1955
96.	,,	11.58	10 000	863.56	January, 1951

B. List of coffee estates of 100 acres and above whose ownership has changed in recent years.

1.	Madurai(Madras)	120.20	36,000	299.50	1952
2.	,, ,,	150.54	20,545	136.38	1953
3.	,, ,,	186.00	46,667	250.90	1954
4.	Malabar ,,	1246.94	2,00,000	160.39	December, 1952
5.	,, ,,	349.65	1,11,000	317.46	October, 1954
6.	Ootacamund ,,	292.70	27,000	92.24	June, 1952
7,	,, ,,	126.74	15,843	125.00	April, 1952
8.	,, ,,	599.64	17,62,563	2939.37	February, 1953

ANNEXURE XXXI (*Contd.*)

B. List of coffee estates of less than 100 acres whose ownership has changed in recent years.

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
9.	Ootacamund (Mad.)	257.83	17,150	66.52	June, 1953
10.	,, ,,	288.68	15,000	51.96	May, 1953
11.	,, ,,	319.76	80,000	250.19	August, 1953
12.	,, ,,	393.29	13,50,000	3432.53	July, 1954
13.	,, ,,	747.33	20,000	26.76	September, 1954
14.	,, ,,	311.41	10,500	33.72	December, 1954
15.	,, ,,	193.46	70,000	361.83	July, 1954
16.	,, ,,	2287.80	8,72,411	381.33	September, 1954
17.	,, ,,	181.71	1,91,000	1051.12	October, 1954
18.	Coimbatore (Mad.)	240.76	6,58,000	2733.01	January, 1955
19.	Coorg	458.32	1,00,000	218.19	March, 1946
20.	,,	166.35	35,000	210.40	May, 1947
21.	,,	101.02	11,500	113.84	October, 1951
22.	,,	899.15	7,50,000	834.12	April, 1952
23.	,,	113.24	16,000	141.29	December, 1952
24.	,,	416.84	8,00,000	1919.20	March, 1954
25.	,,	378.86	1,07,500	283.75	January, 1946
26.	,,	188.56	1,50,000	795,50	April, 1947
27.	,,	378.86	1,12,500	296.94	February, 1948
28.	,,	270.67	2,75,000	1016.00	January, 1949
29.	,,	176.00	1,00,000	568.18	June, 1949
30.	,,	779.52	3,12,500	400.89	June, 1951
31.	,,	124.70	50,000	400.96	November, 1951
32,	,,	318.50	1,50,000	470.96	July, 1952
33.	,,	153.72	65,000	422.85	July, 1953
34.	,,	215.83	4,25,000	1969.14	November, 1953
35.	,,	263.59	1,26,000	478.02	July, 1953

ANNEXURE XXXI (*Contd.*)

B. List of coffee estates of less than 100 acres whose ownership has changed in recent years.

Name of estate	District	Acreage under coffee	Purchase price (in Rs.)	Purchase price per acre	Date of sale
1	2	3	4	5	6
36.	Coorg	213.63	35,000	163.83	May, 1954
37.	,,	260.22	35,000	232.99	April, 1946
38.	,,	311.70	10,000	22.08	August, 1946
39.	,,	252.39	68,000	269.42	February, 1951
40.	,,	60.20	3,40,000	5647.83	April, 1953
41.	,,	266.83	1,40,000	524.68	March, 1955
42.	,,	835.57	5,10,000	610.36	April, 1954

ANNEXURE XXXI

C. Table showing frequency distribution of purchase price per acre of coffee

(in No of sales)

Region	District	Total number of com. sales	Less than 50	50-100	100-200	200-500	500-1000	1000-2000	2000 and above
1	2	3	4	5	6	7	8	9	10
Coorg	Somwarpet	21	...	...	2	2	6	8	3
	Mercara	22	...	2	2	9	5	4	...
	Virajpet	9	1	2	1	3	1	1	...
	Ponnampet	2	...	...	...	...	2	...	...
	Total	54	1	4	5	14	14	13	3
Madras	Madurai	63	...	15	11	23	8	5	1
	Malabar	2	...	...	1	1	...	...	...
	Ootacamund	19	...	6	2	4	2	2	3
	Total	84	...	21	14	28	10	7	4

APPENDICES

APPENDIX I

Statement showing the names of coffee companies who have responded to our questionnaire

Name of Managing Agents/Secretaries in India	Name of company	Name of estates	Total acreage
1	2	3	4
	1. Companies registered abroad and working in India		
M/S Charles Eves, Lord & Co.	1. Mangles Bros. Coorg Coffee Estates Ltd.	O. L. S. Covercolly, N. L. S. Covercolly, Dibidi and Santagherry Estate, Kirgandur, Kelagally.	1,434
M/S James Finlay & Co.	2. Anglo-American Direct Tea Trading Co. Ltd.	Valparai	842
	2. Rupee companies under Non-Indian Managing Agents control		
Matheson, Bosanquet & Co. Ltd.	3. Miraflores Estates Ltd.	Miraflores	188
Peirce Leslie & Co., Ltd.	4. Kesinvurthy Estates Ltd.	Kesinvurthy	235
	5. Ballacadoo Estates Ltd.	Ballacadoo	348
	6. Cowcoody Estates Ltd.	Cow coody & Cullaly	349
	7. Kulhutty Estate Ltd.	Kulhutty	475
	8. Kumergode Estates Ltd.	Kumergode	610
	9. Ouchterlony Valley Estates (1935) Ltd.	Glenvans,Guynd, Kelly Lauriston & New Hope	2,932
	10. Periakaramalai Tea & Produce Co., Ltd.	Nadumalai	217
	11. Savamalai Estates Ltd.	Monamboli	441
	12. Nilgiri Neerugundi Estates Co., Ltd.	Nilgiri Neerugundi	620
	13. Chembra Peak Estates Ltd.	Chembra Peak	371
	14. Kalasa Tea & Produce Co., Ltd.	Abragoodighay	107
	15. Kilkotagiri Tea & Coffee Estates Ltd.	Kil-Kotagiri	183
T. Stanes & Co., Ltd.	16. Stanes Amalgamated Estates Ltd.	Kotada Goonjara & Woodroffee, Croften & Dunhutty, Deepdale.	539

APPENDIX I (*Contd.*)

Statement showing the names of coffee companies who have responded to our questionnaire

Name of Managing Agents/Secretaries in India	Name of company	Name of estates	Total acreage
1	2	3	4
	3. *Rupee companies under Indian Managing Agents control*		
Rubý Co,, Ltd.	17. Puthutotam Estates (1943) Ltd.	Puthutotam, Korangamudi, Waverly	1,062
Parkins Ltd.	18. Amalgamated Coffee Estates Ltd.	Anaimad, Palagapandy, Seethagundy	1,383
A V. Thomas & Co., Ltd.	19. Kalpetta Estates Ltd.	Raghavapuram	150
	20. Bababudin Coffee & Produce Co., Ltd.	Dodkhan	538
	21. Neelamalai Tea & Coffee Estates Ltd.	Katary Bhanwani, Sutton	115
	22. Shevoroy Estates Ltd.	Vanguard & Hawthorne	821
Ipe Oommen & Co., Ltd.	23. Kurchermala Plantations Ltd.	Kurchermala, Bangathode	210
Ramani & Co., Ltd.	24. Alageswar Estates Ltd.	Alageswar & Balekhan	382
Young India Agencies Ltd.	25. Badra Coffee Estates Ltd.	Kerkiecondah, Badra	550
	26. Balanoor Tea & Rubber Co., Ltd.	Kotordie, Merthy Subbangudigy	672
Kothari & Sons (Agencies) Ltd	27. Blue Mountain Estates Ltd.	Santawerry, Glendale, Adderley, Colacumbie.	1,879
Prakash Agencies Ltd.	28. Mysore Amalgamated Coffee Estates Ltd.	Thirthagundi, Kudrigundi	468
Pavan & Co., Ltd.	29. Mysore Coffee Estates Ltd.	Howin Huckloo, Kere Huckloo, Gundikhan, Lalbagh and Kerekhan.	1,188
Vasantha & Co. (Trichy) Ltd.	30. Manar Estates Ltd.	Manar	219
A. C. Ardeshir & Co.	31. Tuttapullam Tea & Coffee Plantations Ltd.	Tuttapullam & Achilleston	
Planting Agencies Ltd.	32. Balmadies Plantations Ltd.	Balmadies	

APPENDIX I (*Contd.*)

Statement showing the names of coffee companies who have responded to our questionnaire

Name of Managing Agents/Secretaries in Indian	Name of company	Name of estates	Total acreage
1	2	3	4
Kothari Mehta & Co., Ltd.	33. Waterfall Estates Ltd.	Waterfall	176
Wallace & Co.	34. Bombay Burmah Trading Corporation Ltd.	Maiuahulla & Goodannie, Manjolai, Manimuttar, Oothu.	1,856
	4. Director controlled Rupee Public Ltd. companies-Indian		
	35. Chandramalai Estates Ltd.	Chandramalai, Cotengady, Coomblacodie and Ootacooly.	734
	36. Consolidated Coffee Estates (1943) Ltd.	Anandapur, Balmany, Cannoncadoo, Cottabetta, Deveracadoo, Margolly, Jumboor, Nullore, Palakerry, Pollibetta, Suntikoppa, Moshully and Yemmigoondi.	6,761
	5. Director controlled Rupee Private Ltd. companies-Indian		
	37. Giri Plantations Ltd.	St. Joseph's Ginimao	132
	6. Director controlled Rupee Private Ltd. companies Non-Indian		
	38. Karriekollie Estates Ltd.	Karriekollie	209
	39. Lingapur Estates Ltd.	Lingapur, Salawar	351
	40. Holalu Estate Ltd.	Holalu	134
	41. Biccode Estate Ltd	Biccode	294
	42. Tea Estates India Ltd.	Rockwood, Senguthuparai	258
	43. Short Brothers		478

Type of concerns	Name of Estate	Total acreage
1	2	3
Proprieto ship	7. *Rupee Proprietary & Partnership concerns under Indian ownership*	
	1. Malambi Estate	180
	2. II Madapur	200
	3. Kusuboor Estate	167
	4. "B" Madapur	162
	5. "A" Madapur	137
	6. Nagaroor Estate	145
	7. Battageri Estate	273
	8. Pania Estate	200
	9. Haradur & Kanbile Estate	503
	10. Kusubur & Cumboor Estate	412
	11. Vijayamandiram Estate	489
	12. Little-Flower Estate	280
	13. St. Mary's Estate	720
	14. High Field Estate	150
	15. Hunsdon Group Estate	197
	16. Maniyankode Group Estates	427
	17. Pativayal Estate	138
	18. Ratnagiri Estate	114
	19. Puliyermala Group Estates	547
	20. Krishna Estate	104
	21. Kalyanamdiram Estate	240
	22. Karchadloa Estate	220
	23. Arsinhukloo Estate	250
	24. Koppa Coffee & Rubber Estate	285
	25. Chittoli Estate	168
	26. Attikhan Estate	435
	27. Balayatrie	291
	28. Reddiar Thottam & Thangamadai Estate	199

Type of concerns	Name of Estate	Total acreage
1	2	3
	29. Bidare & Lillykhan Estates	215
	30. Halase Estate	120
	31. Seeghalli Estate	131
	32. Hosalu Estate	271
	33. Kurkenmutty Group of Estates	621
	34. Thanodi Estare	594
	35. Bercody Estate	284
	36. Yelnoorkhan Rafigiri Estate	364
	37. Behope Estate	210
	38. Kuthtraipanchan Estate	225
	39. Sea View Estate	297
	40. Buskull & Colgode Estate	206
	41. Thumbadivan-ahalli (Bitteshwara) Estate	116
	42. Chellotte (Coffee) Estates	272
	43. St. Wilfred's Estate	100
	44. Netrakal Estate	239
	45. Netraconda Estate	359
	46. Devasthal Tea Estate	152
	47. Aislaby & Swinton Estate	216
	48. Silver Cloud Estate	217
	49. Martindale Estate	65
	50. Agalkhan Estate	150
	51. Sathkodige Estate	177
	52. Cotacadu & Jeynacud Estate	353
Partnership	53. Kedukal & Jampige Estate	205
	54. Peelibetta Estate	200
	55. Coffee Research Sub-Station	104
	56. Chickanhully & Sampigekolly Estate	502
	57. Kulhutty Estate	495

Type of concerns	Name of Estate	Total acreage
1	2	3
	58. Karapara & Poothundu Estates	649
	59. Honey Rock & Pulliyanoor Coffee Estates	175
	60. Balmadies Estate	199
	61. Senjose Estate	265
	62. Cascades Estate	237
	63. Kottamanda Estate	377
	64. Singara Estate	247
	65. Kelagur Estate	200
	66. Thogrihankal Estate	326
	67. Shigode Estate	202
	68. Athiyur	535
	69. Benlomond & Savirahutty Estate	180
	70. Hogre Estate	146
	71. Avanthi Estate	136
	72. Kombutukki Estate	150
	73. Sankhan Estate	160
	74. Kabbinahalli & Balekola Estates	228
	75. Alican Estates	141
	76. Kottaram plantations	1000
	77. Kogilahalla Estate	240
	78. Sandalkad Estate	150
	79. Ruxidde Estate	640
	80. Paplicad Estate	198
	81. Someswarkhan Estate	260
	82. Riverdale Estate	120
Trusteeship Joint Family-Indian	83. Kartikerri Estate	231
	84. Belvidera group	648
	8. Rupee Proprietary and Partnership concerns under Non-Indian ownership	
Proprietorship	85. Peremboocolly Estate	261

Type of concerns	Name of Estate	Total acreage
1	2	3
	86. Mylatpur Estate	251
	87. Kaimabetta Estate	374
	88. Netley/Yemmegoondi Estate	354
	89. Udevar Estate	287
	90. Sampigay & Jinekhan	785
	91. Kalarkhan Estate	425
	92. Hooli Hundloo Estate	157
	93. Honeyvale Estate	500
	94. Koorghully Estate	343
	95. Wooligooly Estate	360
	96. Whaddon Estate	265
	97. Baje Collie & Grove Estate	292
	98. Waverly Estate	145
	99. Clermont Estate	105
	100. Glen-Fell Estate	100
	101. Kurdior Estate	94
	102. Vaniar Estate	154
Partnership	103. Elize Estate	135
	104. Horoor Estate	160
	105. Attur Estate	256
	106. Sidapur Estate	329
	107. Doddengudda Estate	317
	108. Bettadmare, Ootsey Estate	400
	109. Mavinkere Estate	360
	110. Maskalmardi Estate	365
	111. Cheneaud Estate	260
	112. Hanumanhally Estate	57
	113. Gunga Giri Estate	524
	114. Karadikhan Estate	511

Type of concerns	Name of Estate	Total acreage
1	6	3
	115. Kondaokhan Estate	327
	116. Karadibetta Estate	1199
	117. Vasambadi Estate	220
	118. Umbilimallay Estate	145
	119. Marylands Estate	149
	120. Attikan Estate	310

I.

Particulars	Weighted	
	1950	195
Acreage	2854	332
Crop	7975	997
Average Yield	2.90	2.73

	Cost per		Cost per	
	Acre	Cwt.	Acre	C
A. Cultivation Charges				
1. General Field Works	87·90	30.31	74.00	12
2. Filling-in	8.27	2.85	8.86	
3. Manuring	57.89	19.96	76.41	2
4. Spraying	25.99	1.96	27.16	
5. Pest Control	4.12	1.42	5.22	
Total—A	184.17	63.50	191.65	7
B. Crop Gathering Charges				
6. Gathering wages	...	10.76	...	1
7. Other charges	...	1.29	...	
8. Estate Processing	...	1.46	...	
9. Transport to curing works	...	2.52	...	
10. Curing charges	...	3.50	...	
Total—B	...	19.53	...	1
Total A+B	...	83.03	...	8
C. General Charges				
11. Up-keep	12.97	4.47	12.15	4
12. Depreciation	10.85	3.74	11.14	4
13. Recruitment & Medical	14.98	5.17	16.46	6
14. Bonus to Staff	2.13	0.73	2.65	0
15. Bonus to Labour	4.94	1.70	4.66	1
16. Salaries	31.01	10.69	32.13	11
17. General	15.07	5.20	16.33	5
Total—C	91.95	31.70	95.52	34
Grand Total.	...	114.73	...	124
Commission to Manager/Managing Agents.	11.77	4.06	11.37	4

Type of cor
1

III. *Statement showing the weighted average cost of Robusta coffee*

Particulars	Average cost in Rs. per cwt. in			
	1950	1951	1952	1953
1	2	3	4	5
A. Cultivation Charges				
1. General Field Works	13.74	13.20	14.41	14.99
2. Filling-in	3.00	2.42	2.36	3.01
3. Manuring	14.05	14.06	15.38	19.17
4. Spraying	...	...	...	...
5. Pest Control	0.11	0.59	0·70	0.65
Total—A	30.90	30.27	32.85	37.82
B. Crop Gathering Charges				
6. Gathering wages	8.77	8.04	9.05	8.31
7. Other Charges	0.62	0.64	0.41	0.55
8. Estate Processing	1.44	1.44	1.48	1.89
9. Transport to curing works	1.72	1.64	1.19	1.23
10. Curing Charges	3.58	3.74	3.75	3.73
Total—B	16.13	15.50	15.88	15.31
Total A+B	47.03	45.77	48.73	53.53
C. General Charges				
11. Up-keep	4.13	5.17	4.37	3.58
12. Depreciation	3.71	4.36	4.29	5.38
13. Recruitment & Medical	3.76	5.17	4.06	4.08
14. Bonus to Staff	0.55	0.59	0.53	0.97
15. Bonus to Labour	0.61	0.53	0.58	0.66
16. Salaries	8.70	7.83	6.69	7.83
17. General	3.86	4.57	3.83	4.64
Total—C	25.32	28.22	24.35	27.14
Grand Total.	72.35	73.99	73.08	80.67
Commission to Manager/Managing Agent.	5.48	5.76	3.11	3.36

SCHEDULE C—6

II. *Statement showing the unit costs of Arabica coffee grown in 1953, in different regions and company and private owned estates separately and the weighted average giving due weights*

Region	All estates			Selected estates		
	Company	Private	All	Company	Private	All
1	2	3	4	5	6	7
Mysore	149.85	129.34	136.18	146.82	129.34	135.17
Coorg.	167.60	105.61	126.27	...	105.61	105.61
Madras	153.06	91.56	112.06	153.06	91.56	112.06
Average giving weights for regions company and private			125.78			118.78

APPENDIX I-A

List of Coffee growers' Associations

1. The United Planters' Association of Southern India, Coonoor, Nilgiris.
2. The Anama-lai Planters' Association, Coimbatore.
3. The Central Travancore Planters' Association, Travancore.
4. The Kanan Devan Planters' Association, Travancore.
5. The Malabar Planters' Association, Malabar.
6. The Mundakayam Planters' Association, Travancore.
7. Nilgiri Planters' Association, Nilgiris.
8. The Nilgiri Wynaad Planters' Association, Nilgiris.
9. The Nelliampathy Planters' Association, Nemmara.
10. The Shevaroy Planters' Association, Salem.
11. The South Travancore Planters' Association, Travancore.
12. The Wynaad Planters' Association, Wynaad.
13. The Billigiri Planters' Association, Mysore.
14. The Association of Planters' of Travancore, Travancore.
15. The Coorg Planters' Association, Coorg.
16. The Indian Planters' Association, Coorg.
17. The Mysore Planters' Association, Mysore State.
18. The Indian Planters' Association, Mysore State.
19. The Wynaad Coffee Growers' Association, Kelpetta P. O.
20. The Quilon District Planters' Association, Travancore.
21. The Palni-Bodi-Sirumalai Coffee Growers' Association, Madura District.